MAR 27 1926

The Magazine of Wall Street

[M]arch [2]7TH [1]926

35 Cents A Copy

EDITED BY

Richard D. Wyckoff

Switch Your Stocks for Income and Profit

A List of 100 Definite Stock Recommendations

A Practical Guide In Security Purchases

Market Outlook for 12 Leading Market Groups

Steel Chemical Copper Sugar Motor Oil Food Chain-Store Tire Shipping Textile and Railway Equipment

VOLUME 37, NUMBER 11

Member Audit Bureau of Circulation

CONTENTS

Vol. 37, No. 11 **March 27, 1926**

Copyrighted and published by the Ticker Publishing Co., 42 Broadway, New York, N. Y. Richard D. Wyckoff, Editor; E. D. King, Managing Editor; Victor E. Graham, Advertising Manager. The information herein is obtained from reliable sources, and, while not guaranteed, we believe it to be accurate. Single copies on newsstands in U. S. and Canada, 35 cents. Place a standing order with your newsdealer and he will secure copies regularly. Entered as second class matter January 30, 1915, at P. O., New York, N. Y., Act of March 3, 1879. Published every other Saturday.

SUBSCRIPTION PRICE, $7.50 a year, in advance. Foreign subscribers please send international money order for U. S. Currency, including $1.00 extra for postage (Canadian 50 cents extra).

TO CHANGE ADDRESS—Write us name and old address in full, new address in full, and get notice to us three weeks before issue you desire sent to the new address.

EUROPEAN REPRESENTATIVES: The International News Company, Ltd., Breams Building, London, E. C. 4, England.

WITH THE EDITORS

Buying 'em for Cash

"I ALWAYS buy my securities outright. It's safer than on margin." This is typical of the attitude of a great many investors. But the fallacy is plain. Whether you buy securities on margin or pay for them in cash, makes no difference so far as the character of the security is concerned. Take two investors. One bought 100 shares of St. Paul common some years ago at 100, paying for the shares in cash. The other bought the stock at the same price, but buying on a 20 point margin. The investor who held St. Paul common outright probably reasoned that he was in a better position than the man who bought on margin. But was he? Everyone knows what happened to St. Paul. The stock declined persistently and, at the time the road was forced into receivership, sold at a few dollars a share. The investor who held this stock outright was hurt even more than the one who bought on margin, for the latter, it may be assumed, did not wait for the final catastrophe but threw his stock overboard when his margin was imperiled and thereby definitely limited his loss. It may be then, on certain occasions, even more risky to hold securities outright than to buy them on margin.

For the discerning investor there are always good security opportunities. If securities are bought with knowledge or on sound advice, the investor need have little concern as to the outcome. It is only when unreasoning fear, based on inadequate knowledge, starts to play a part when trouble starts. Future conditions may hurt those who are not well advised or who go in on insufficient capital, but this will provide just the opportunity which the prudent investor is looking for. This publication is on the lookout for all such opportunities and will promptly advise as soon as they materialize. For example, see the next issue which uncovers some really unusual securities with unusual possibilities.

It is obvious that whether you buy on margin or for cash does not in itself secure your funds. The principal thing is to be correct in your judgment of the value of the security. This is true of both investment and speculation. In speculation, of course, the amount of margin makes a difference in that an adverse fluctuation in the price of the stock may affect the margin sufficiently to wipe it out altogether. Hence, when speculating, you ought to be sure and have an adequate margin.

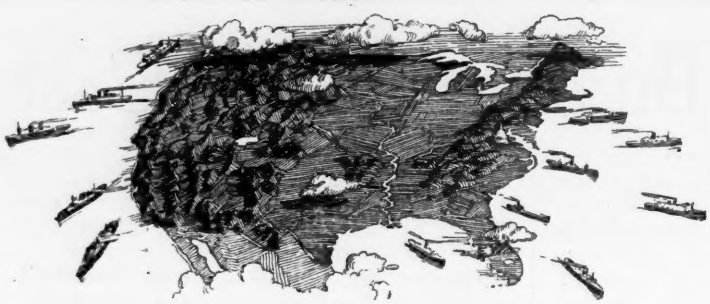
Generally speaking, purchase of securities for long-range investment ought to be on a cash basis. This is because the investor is mainly interested in the return on his funds, whether in the form of actual income or potential profit. In that case, since he expects to hold for a long period, he should seek to limit his carrying charges so far as possible so as to derive the fullest benefit from his investments. Hence, the purchase of long-range investments on margin, generally speaking, is not desirable for the ordinary investor. On the other hand in speculation, the principal purpose is to make a profit in a reasonably short period of time. Hence, the carrying charges incurred in marginal purchases are not a weighty factor since the period in which they are to be paid is not a long one. Furthermore, since the use of credit enables the investor to increase his holdings and thereby enhances the profit possibilities, he ought to be willing to incur the interest charges.

But the investor must first be clear as to his purpose in buying. He must be clear as to whether he is making a long-range investment or entering on a purely speculative transaction. If the former, he should buy his securities outright; if the latter, he should operate on a marginal basis. In any case, however, he must take every reasonable precaution to determine that his selection of a security has been a wise one. This is really his most important problem, more important than whether he should buy for cash or on margin.

In The Next Issue

READERS of the next issue will find it to contain a number of stimulating and useful features. The first and the one likely to attract the most attention is: WHAT WALL STREET THINKS OF THE MARKET. Here, we present the latest thoughts of the best known market experts in the financial district. The article will not be assembled until just before we go to press on the next issue so as to afford the most timely view of the market situation to our readers. Another very important article is: TEN STOCKS WHICH ARE LIKELY TO SHOW HANDSOME PROFITS OVER A LONG PULL. This includes a list of stocks, quite neglected, and which possess some really extraordinary market possibilities. This feature will be found especially useful by the investor who likes to "buy and put them away." Of great value will be found: WHAT'S BEHIND THE AMER. LOCO. & RY. STEEL SPRING MERGER? For investors who want bond opportunities, there is a list of 20 attractive railroad bonds. The more speculatively inclined will derive great satisfaction from our tabulation of the possibilities in the leading metal shares. There are many other equally interesting and valuable features. Altogether the next is an issue you will not want to miss.

7%



In 48 States and 33 Foreign Lands

SMITH BONDS Are Bought by Mail

Read What These Investors Say:

A man who has invested with us for 30 years says:

"For more than thirty years I have been doing business with your company and my transactions have always been handled satisfactorily. I have never lost any money on my investments with you, which is a very gratifying experience."

A woman investor in South Africa writes:

"The purchase of a bond from you was made quite as conveniently from this distance of about 10,000 miles via the mail route as if I had been in Washington."

From an Oklahoma investor:

"For a person receiving a moderate income I have found your Investment Savings Plan a most liberal and practical plan for the systematic accumulation of capital."

An American in Paris says:

"My own experience, both while living in the middle west of the United States and since I have been living in Paris, has demonstrated to my complete satisfaction the possibility and practicability of investing by mail."

A missionary in China says:

"Your long history of safety gives one a feeling of assurance that is not at all diminished by the 10,000 miles intervening between your office and my domicile. This distance is in no way a barrier to perfectly satisfactory business relations with you."

FIFTY-THREE years of proven safety have resulted in world-wide confidence in the First Mortgage Bonds sold by The F. H. Smith Company. Thousands of men and women, in 48 states and 33 foreign lands, have bought Smith Bonds by mail.

Invest Your Savings at 7%

Many of these investors have bought Smith Bonds in large amounts. Others have bought them under our Investment Savings Plan, by making an initial payment of 10% or more on a $100, $500 or $1,000 bond, and completing the purchase within 10 months. *They get the full rate of bond interest on every payment.*

Of those who use this latter plan a great many buy one bond after another, and by applying their interest coupons to the purchase of additional bonds, they get compound bond interest.

Smith Bonds Are Safe Bonds

Whether you have much or little to invest, current offerings of Smith Bonds will give you the strong security of modern, income-producing city property with the liberal yield of 7%. No matter where you live the purchase of Smith Bonds is made simple for you by an organization equipped to give you satisfactory service by mail.

Send your name and address today on the form below for copies of our two booklets, "Fifty-three Years of Proven Safety" and "How to Build an Independent Income."

THE F. H. SMITH COMPANY

Established 1873

Smith Building, Washington, D.C.—582 Fifth Avenue, New York

BOSTON ALBANY PHILADELPHIA PITTSBURGH MINNEAPOLIS

NO LOSS TO ANY INVESTOR IN 53 YEARS

THE
F. H. SMITH CO.
Smith Building,
Washington, D. C.

Without obligation on my part, please send me your two booklets about 7% Smith Bonds.

Name ....

Address ....

52-Q

The MAGAZINE of WALL STREET

EDITOR
RICHARD D. WYCKOFF

MANAGING EDITOR
E. D. KING

INVESTMENT & BUSINESS TREND

End to Speculative Fever?—Business Gains Courage—Price Trend—Cheaper Money—Backward Market Groups—Labor Disputes—The Market Prospect

IT would be a mistake to suppose that the recent drastic break in securities heralded the waning of general speculative enthusiasm. Business conditions are still satisfactory, though hardly of boom proportions; there is a vast reservoir of funds waiting for investment; money conditions are favorable, and, while not overly optimistic as to the future, the public seems reasonably confident. Another factor of importance must be commented on and that is the proverbially short memory of the public. In fact, the current buying of speculative stocks would seem to indicate that it has already forgotten the recent break and its significance.

Speculative excess in the stock market have certainly not been marked by their absence in the past year or two and the inevitable result in different periods of excitement has been a drastic reaction, the last having been the most severe of the lot. None of these, however, has been sufficient to influence the public to desist from resuming their rash speculations. It is a signal commentary on our times that the lure of speculation should have taken such hold on great numbers of individuals. Both in securities and in real estate, probably millions of men and women have been indulging themselves in this most exciting of ventures.

The public, however, will continue to speculate only as long as prices continue to advance. Unfortunately, its sense of values is not particularly keen; and, consequently, it is this which makes it possible for manipulators to drive up the price of shares far beyond their actual value, for if the public really had an understanding of values, it could not be influenced to buy at palpably inflated prices. It is this ignorance which makes rapid and wide swings in the market possible. It is obvious, of course, that the real value of securities does not change as rapidly or as violently as indicated by fluctuations in the market. Consequently, these unduly quick market changes which are occurring can only mean that speculative motives far outweigh those of an investment character. Bearing this in mind, the prudent investor, who understands that in stock speculation only too often large profits may be quickly converted into a loss, will prefer to limit his transactions to those where investment considerations play the more vital part.

BUSINESS TREND

THE present situation is quite mixed. The Steel Corporation reports a gain in production, accounting in part for the smaller amount of unfilled orders but still indicative of a recession in buying. This, however, is considered temporary since an increase in railroad buying, in particular, is expected momentarily. The steel industry, which is a barometer, should find conditions satisfactory in Spring but a recession in summer is almost certain. New life is being imparted to the building industry due to the seasonal resumption of large scale operations. The agricultural season is unfolding and this should absorb the excess labor supply. Manufacturing industries seem more or less satisfactorily occupied. The general impression seems to be that the next few months will witness an increase in industrial activity and in business generally but that a comparatively dull period is likely to follow.

COMMODITY PRICES

THE commodity price index shows a continued declining tendency which started at the end of last year and seemingly the process has not yet been completed. Most of the changes are seasonal. Of the more important groups to show declines, livestock, food, textiles, hides and building materials head the list. Metals and petroleum have been a trifle stronger while steel is comparatively steady at the lower prevailing levels. With the advent of the heavier buying season, it seems that the present downward movement will come to a halt in the next few weeks. There are few indications, however, that there will be an upward move of substantial proportions. Commodity prices are likely to fluctuate around present levels for some time to come.

MONEY RATES

FOR the time being, owing to lessened Stock Exchange requirements and the recession in some lines of business, demand for funds has not been excessing. The result has been to lower the current money level. This has been especially true of call money which for a time receded to below 4%. Time money and commercial paper are comparatively quiet at prevailing levels of 4½%. With the passing of the time for income tax payments, it seems likely that money rates will recede somewhat further though the prospective increase in business should tend eventually to increase the demand for funds and thus bring about a higher level. Looking further into the future, it is difficult to see possibilities of a much higher rate, and, in all probability, the rate should slacken visibly during the summer months.

BACKWARD GROUPS

DURING the past year, almost all the important stock groups at some time or other have had very substantial advances. In turn, the following groups made very conspicuous advances: public utilities, merchandising, automobile, tire, farm machinery, some of the rails, steels and chemicals. A few groups, due to fundamental conditions, barely participated and several even declined in the face of a generally advancing market. These were the metals, oils, shipping, leather and sugar stocks. True, at various times some of the stocks representing these various groups made advances but these were not sufficient to bring about a radical change in the body of stocks, of which they were members. Of the five more or less backward groups mentioned above, the oils, in particular, are giving a good account of themselves. The metals are in an improved position and should do well. Only the shipping, sugar and leather stocks still seem in a more or less uncertain position. Due to the gain in world commerce, it would not be surprising to see a change in the position of shipping shares this year. On the other hand there is little to look for in the leather issues and the sugar group still waits on a more favorable situation in regard to the excessive supply of raw sugar.

LABOR TROUBLES

A RATHER disconcerting feature of the present industrial situation is the increasing prevalence of strikes, from which business has been immune for several years. With the anthracite strike barely ended, reports are at hand indicating increasing difficulties with labor in the Passaic mill district and the possibility exists that this situation will spread into the textile field. Railway labor, as mentioned in these columns on recent occasions, is preparing for an energetic demand for a wage increase. Building labor in New York has just won a decided victory in regard to higher wages. These are straws which may indicate a general change in the attitude of labor. The situation is by no means critical but is at least suggestive of the fact that the continuation of amicable relations between labor and capital in this country is being threatened.

MARKET PROSPECT

HOW general liquidation in the stock market has become is amply proved by the fact that of all the leading stock groups only one, the oil shares, have offered effective resistance to the decline. Liquidation by pools, private investors and speculators continues; and the market outlook is made even more uncertain by growing apprehensions as to the future of business. While there are undeniably a number of attractive long-range stock opportunities, experienced investors no doubt will wait for further declines in order to make their purchases at the most advantageous levels. Apparently, liquidation has not yet run its course. Hence, it would be illogical to expect anything more than technical rallies for the time being.

Monday, March 22, 1926.

The Nickel Plate Decision

A Victory for the Small Stockholder

Vital Defects of the Van Sweringen Scheme—Effect on the Merger Situation—Value of Ches. & Ohio, Erie and Pere Marquette

By BENJAMIN GRAHAM

"WHATEVER may be said in favor of the Van Sweringens as men of enterprise and constructive talent, it cannot be denied that they have displayed a callous disregard of the legitimate rights of their smaller partners. . . . it is impossible to understand how in these enlightened days a deal of such magnitude and public interest could be engineered with a ruthlessness and lack of finesse reminiscent of the old-time captains of industry."

THE denial of the Nickel Plate Merger came as an unpleasant surprise to Wall Street and served to intensify the severe unsettlement in stock prices which had commenced just previously. Yet whatever may have been its temporary effect on the speculative structure, it was undoubtedly a great victory for the real Wall Street—the intelligent, conservative security owners of the country.

For them, the decision means that fair dealing must rule in railroad finance, and that large interests, merely because they are large, cannot enforce their unrestrained will upon their smaller partners. Nor is the decision a set-back to the fundamental trend towards railroad consolidation. On the contrary, in approving the Nickel Plate grouping from a transportation standpoint (while condemning it as financially unsatisfactory), the commission has displayed a distinctly liberal and elastic spirit towards merger schemes, whether or not in accord with its preliminary general consolidation plan. The technical obstacles in the way of railway combinations have been considerably lessened by the decision; hence, the failure of Van Sweringens does not mean that pending merger plans must be abandoned, but only that they must be equitable.

Readers of THE MAGAZINE OF WALL STREET are no doubt familiar with the broad outlines of the Nickel Plate case. It is fully a year and a half since the Van Sweringens surprised the country with their gigantic project for linking up their New York, Chicago & St. Louis lines with the Pere Marquette, the Erie, the Chesapeake & Ohio and the Hocking Valley. The scheme contained many elements to appeal to the romantic imagination. The rapid rise of the Cleveland brothers, their rather mysterious personalities, their spectacular entrance into a financial field presumably reserved to prosaic bankers—all provided human interest "copy" of the first order.

More sober judgment, as usually happens, found occasion for regret as well as rejoicing. The Van Sweringens' plan was not without its faults. Objections, at first scattered and tentative, finally crystallized into determined opposition to the treatment accorded stockholders of Chesapeake & Ohio and Hocking Valley. The adequacy or inadequacy of these terms appeared to the general public to be the overshadowing question at issue in the long hearings before the Interstate Commerce Commission. Without minimizing either the importance of the specific question, or the strength of the dissenting minorities' case—which, in fact, the writer had supported in THE MAGAZINE OF WALL STREET as far back as February, 1925—it should be recognized that there were several other elements in the Nickel Plate proceedings which were equally open to criticism. These refer to both the provisions of the plan and the methods employed in carrying it out.

The Commission's Objections

The opinion of the Interstate Commerce Commission enumerates various defects which led to its vetoing the proposal. The chief of these were:

a. *The ratios of exchange were not just.*
b. *The new preferred stock should have been given voting rights.*
c. *The old Nickel Plate remained a holding company, thus permitting pyramiding of control.*
d. *The Erie coal properties should have been left out; and*
e. *The Erie short lines should have been taken in.*

The commission's finding on the exchange ratios is vigorously expressed: "But it is evident from the record that inadequate consideration was given to the terms from the point of view of the stockholders of the Chesapeake and Hocking." There is severe criticism of the methods employed in determining and ratifying the various offers. Reference is made to the growth of Chesapeake's and Hocking Valley's traffic, and to their large earnings as compared with dividends paid. Against this the opinion cites an increase of 68 points in the price of Nickel Plate common from August, 1924, to December, 1925, while Chesapeake was advancing but 32 points. Finally, the general conclusion is reached that "the applicants have not sustained the burden of showing that the ratios are just and reasonable as between stockholders of the responsible lesser companies."

The next two provisions specifically disapproved are both related to a single objectionable purpose of the Van Sweringens—namely, to turn their minority ownership of the constituent companies into majority control of the consolidated system. This was to be accomplished in part by exchanging the voting preferred stocks of Erie, Pere Marquette and Chesapeake into non-voting new preferred. The other device is more subtle. The old Nickel Plate was to receive share for share in new common and preferred stock, as well as additional blocks for its holdings of Pere Marquette and Chesapeake. But instead of distributing this new stock to its shareholders in lieu of their old holdings—as was to be done by the other roads—it was planned to retain the new stock in the treasury of the old Nickel Plate, thus keeping it alive as a holding company. In this way the Van Sweringens, through ownership of about 54% of the old company's stock, would retain control of all the new Nickel Plate shares given for its properties. By these two artifices, a 32% interest in the old companies would have been transferred into a 51% control of the consolidated system.

Delving further into the control situation, the commission notes that the Van Sweringen holdings are themselves vested in a separate corporation—the Van Ess Company, of which the brothers own 80%—the stock of which in turn is tied up in a voting trust in such a

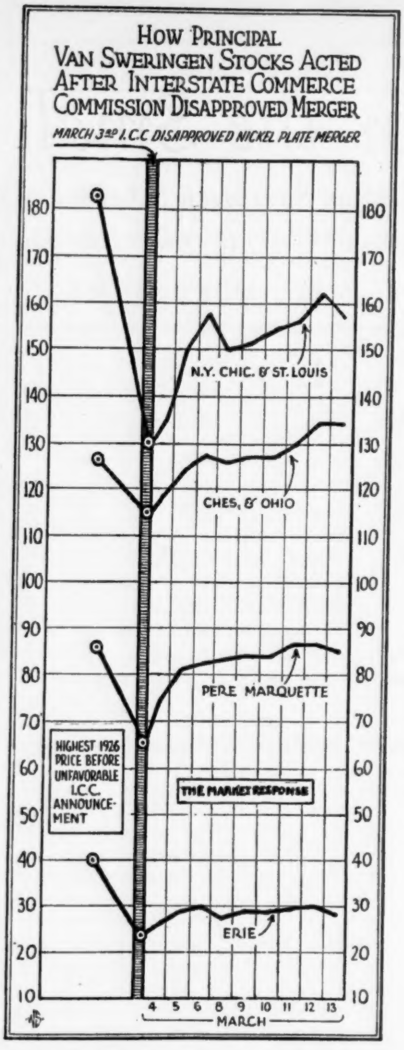
way that they would continue to exercise control thereof without owning a single share. The commission sets itself on record as emphatically opposed to control without majority ownership, and insists that preferred stockholders are entitled to voting rights.

In voicing strong objection to the inclusion of the Erie properties, the opinion raises an issue to which little attention had previously been paid. The Interstate Commerce Commission takes the stand that railroads should confine themselves to railroading, and sees no reason why it should authorize securities of the new Nickel Plate for the purpose of acquiring coal subsidiaries. On the other hand, the decision contains a rather unpleasant reminder to merger promoters that one of the primary purposes of the whole consolidation theory was to solve the problem of the weaker roads by including them in the larger systems. As students of the question have frequently pointed out, consolidation plans to date have uniformly passed over the lesser lines in polite silence—so that the American Short Line Association was moved to tearful remonstrance in the present case. The commission does not indicate to what extent it is prepared to insist on the inclusion of smaller lines, but it particularly condemns the failure of the new company to assume operation of the unprofitable subsidiaries now controlled by the Erie.

The Van Sweringens' Methods

In addition to discussing the various provisions which failed to win its approval, the opinion has a good deal to say about the methods employed in formulating and ratifying the plan. It is here that the decision is of chief interest to the rank and file of railroad stockholders. Whatever may be said in favor of the Van Sweringens as men of enterprise and constructive talent, it cannot be denied that they have displayed a callous disregard of the legitimate rights of their smaller partners. To the writer, the proceedings have remained from their inception a source of genuine amazement—it is impossible to understand how in these enlightened days a deal of such magnitude and public interest could be engineered with a ruthlessness and lack of finesse reminiscent of the old-time captains of industry.

The first announcement of the plan contained no reference to the position of non-assenting shareholders. It was even stated informally that those failing to join in the plan would receive nothing whatever for their holdings—a threat so obviously absurd as to require a later denial. The ratios of exchange were devised with a cavalier indifference to appearances. The terms for Chesapeake & Ohio common were undoubtedly inadequate, yet at least there was material for argument on this point. But the treatment accorded the Chesapeake & Ohio preferred stock was intolerable on its very face. While the exchange for Erie and Pere Marquette preferred issues meant a sub-



stantial increase in market values, Chesapeake & Ohio preferred was alloted new shares worth 13 points *under* its then current quotation. For a mere 4/10% increase in dividend it was asked to surrender its exceptional security, its voting power, and chief of all, an extremely valuable conversion privilege;—while Pere Marquette prior preferred, having no conversion privilege, was given a 1% larger dividend.

There was also good reason for Erie 1st preferred stockholders to feel dissatisfied at receiving no more than was given to the 2nd preferred. This complete ignoring of their prior claim appeared especially illogical since Pere Marquette 1st preferred received 10% more than the junior issue. The fact that the Van Ess Company owned 52,600 shares of Erie 2nd and only 24,700 shares of Erie 1st, constituted an excellent explanation of this arrangement, but a very poor justification.

One of the most exasperating details of the plan was the arrangement whereby the old Nickel Plate received separate blocks of new stocks in exchange for its holdings of Chesapeake and Pere Marquette, while Chesapeake & Ohio was given nothing additional for its majority holdings of Hocking Valley.

To accentuate the inequality, the records showed that the Nickel Plate had just acquired and not even paid for these shares of Pere Marquette, and that the cost of both lots was to be borne by the new company. This discrimination of the Van Sweringens in favor of their concern was so patent as to occasion wonderment that they did not at least take the trouble to disguise it by some of the many means available.

C. & O. Stockholders Ignored

Whether or not these provisions were really as unfair as they seem might conceivably have been a matter of opinion. The Van Sweringens did not lack experts before the commission to defend their reasonableness in every respect. But the procedure they followed in effecting confirmation of their plan by the Chesapeake's board can inspire but one sentiment. While the Pere Marquette and Erie directors were deliberating, negotiating and demanding modifications here and there, the Chesapeake & Ohio board—controlled by the Van Sweringens—accepted the plan in toto without delay or question. In his original article on the Nickel Plate Plan, the writer, referring to this "striking peculiarity," employed the following language, which might have been less moderate had its aim not been a strictly dispassionate analysis of the case:

> *"But strangely enough these discussions have all taken place between the Van Sweringens and the Erie or Pere Marquette directors on behalf of possible Erie and Pere Marquette dissenting stockholders. The directors of Chesapeake apparently had not considered it necessary to take any similar step on behalf of their stockholders—although it was generally anticipated that owners of Chesapeake would be more likely than others to dissent."*

The language of the commission is identical in purport, but more forceful in tone: "The contrast between the manner in which the interests of all the stockholders of the Chesapeake and of the Hocking Valley were represented, and the manner in which the interests of Pere Marquette and Erie was protected, is striking." And again "there was an utter lack of independent and impartial representation of all of the stockholders of the Chesapeake and Hocking."

The opinion directs especial censure towards the president of the Chesapeake & Ohio, who was not a Van Sweringen nominee, and whom the stockholders might have excusably expected to make some effort to secure adequate consideration for those who for so many years had employed and trusted in him. But whereas the directors of Pere Marquette had obtained a substantial increase in the exchange ratios for each of their issues, the president of the Chesapeake confined his activities to issuing a statement approving in every respect the terms offered his stockholders. This

part of the record makes painful reading.

We have dilated upon this aspect of the merger proceedings, not for the pleasure of criticism, but to indicate clearly the propriety—more, the necessity—of the commission's adverse decision. This was not a victory for mere obstructionism. It does not mean that any disgruntled stockholder can block important desirable developments by claiming some minor hurt. *But it does signify that age-old rules of equity are still in force—that though minorities may have no power, they still have rights; and that though directors may represent single interests, they still have obligations towards every stockholder.*

Effect On Other Mergers

The effect of the decision upon the merger situation must be viewed from two angles: that of the Nickel Plate Plan alone and that of railroad consolidation plans in general. After its first disappointment Wall Street was quick to realize that the opinion by no means constituted a setback to the merger idea as a whole. The question whether important single groupings can be effected in advance of the adoption of a comprehensive plan for the whole country, and whether the commission would admit departures from its own tentative proposals, have both been answered in the affirmative.

Most comments, however, have overlooked the exceedingly narrow margin of approval of the transportation feature of the plan—if margin it can be called. For of eleven commissioners, three did not participate and four refused to approve even the transportation set-up. This means that somehow or other the remaining four members were able to announce the "majority opinion." From this point of view the situation is a bit confusing; suffice it to say then that the decision marks, if not a sweeping victory, at least a step in advance for the consolidation idea.

"What will the Van Sweringens do now?" has been the universal question in the financial district. Their chief counsel, in evident pique at their rebuff, intimated at first that his principals would abandon the whole project. Later statements were less extreme and in a few days Wall Street heard that a modified plan was already in the making. It seems fair to assume that any new proposal will endeavor to meet all the commission's objections. This means that Chesapeake and Hocking Valley must have better terms; that the preferred stock must have voting power and the holding company idea be abandoned; and probably also that the Erie subsidiary lines be included and the coal properties segregated. Some of these changes will present serious difficulties, but none should be insuperable. For example, the problem entailed by the pledge of the Erie coal stocks under its bond issues might be met by distributing to its stockholders certificates of interest in these properties. Naturally they should then accept some compensating reduction in their allotment of new Nickel Plate stock.

The Chesapeake & Ohio stockholders now hold the upper hand. After their recent galling defeat, it is not likely that the Van Sweringens will submit a new plan to the commission without first having reached an agreement with the Chesapeake and the Hocking minorities. (Because of the relatively small public interest in the Hocking Valley situation, we cannot discuss it here, beyond paying tribute to the able presentation of the dissenting stockholders' case by their counsel.) When new terms are discussed for Chesapeake & Ohio, attention will have to be given, not only to the original justification for more liberal treatment, but also to the greater earning power developed since the plan's inception.

Value of C. & O. Common

In the writer's view, the committee which has so energetically and successfully championed the cause of Chesapeake & Ohio, would remain well within the bounds of moderation if it now demanded 150% in new common. (The original offer of 55% each in new preferred and common was not only inade-

(*Please turn to page* 1052)

Reprinted from the February 14, 1925 Issue of The Magazine of Wall Street

Are C. & O. Holders Unfairly Treated?

Analysis of the Van Sweringen Merger—How the Earnings of the Constituent Companies Compare With Their Purchase Price

By BENJAMIN GRAHAM

THAT the completion of the Greater Nickel Plate Merger, announced early in August last, has been delayed by a variety of difficulties should occasion neither surprise nor concern to those familiar with the vast amount of detail and the numerous technical obstacles inherent in a corporate transaction of this magnitude. A keen observer of the proceedings, however, cannot have failed to note a rather striking peculiarity about the negotiations of the past few months.

It will be recalled that when the merger terms were originally announced, they were regarded as quite favorable to each of the constituent companies with the exception of Chesapeake & Ohio. These views were registered in the stock market by advances in the shares of Nickel Plate, Erie and Pere Marquette, while Chesapeake common and preferred declined substantially. At the same time there was considerable tentative discussion of possible organized opposition to the Plan by minority stockholders, particularly since it apparently made no provision whatever for compensation to dissenting interests.

It appears that the problem of caring for non-participating stockholders has since constituted the chief obstacle to the progress of the Plan. It has necessitated numerous conferences, culminating in new agreements. But strangely enough, these discussions have all taken place between the Van Sweringens and the Erie or Pere Marquette directors, on behalf of possible Erie and Pere Marquette dissenting stockholders.

The directors of Chesapeake apparently had not considered it necessary to take any similar steps on behalf of their stockholders—although it was generally anticipated that owners of Chesapeake would be more likely than any others to dissent. This fact was perfectly obvious in the case of Chesapeake preferred. Under the Plan, each share of this issue was offered 1.15 shares of new Nickel Plate preferred. At the opening price of 83 for the new preferred, this meant an offer of 95½ for Chesapeake preferred—which was not only 13 points below its then market quotation, but 5 points below its lowest recorded price. Under these conditions it would seem that Chesapeake preferred stockholders could not be blamed if they elected not to turn in their shares; and it would also appear that they were at least as well entitled to have their interests safeguarded as were the possible Erie or Pere Marquette minorities. It was not, however, until the recent announcement of the new lease terms that Chesapeake stockholders learned that they, too, were to be included in the concessions made to the Pere Marquette and Erie objectors.

As it happens, the original rather scattered opposition of Chesapeake stockholders, after a period of silent vigilance, has recently again been given voice in circulars distributed by a somewhat mysterious Protective Committee in New York, and by a southern investment house. The time seems propitious therefore for a careful analysis of the situation, with a view to determining whether the offer made the Chesapeake & Ohio stockholders under the merger plan is adequate and fair.

The question appears forbiddingly complicated, involving as it does a comparative valuation of four important railways. (Hocking Valley is not considered here because of its smaller size and the limited public ownership of its stock.) The Plan contains no hint of how the Van Sweringens themselves arrived at their bases of exchange. It is understood, however, that a simplified procedure was followed, whereby the amount offered for each road was determined primarily by its net earnings in 1923, this on the theory that the results of previous years were either too abnormal or too remote to be of value. The logical approach for us therefore would be first to accept provisionally this 1923 criterion of value, in order to see what conclusions it would justify, and then to consider how these results are confirmed or modified by the exhibits of other years.

First, what is being paid for each road? To simplify matters we shall consider that the new company is really buying the stocks of the various constituent systems, paying for them in its new shares, which we shall value at the recent price of 86 for the preferred and 85 for the common. Here the old Nickel Plate presents a slight complication. For this company is receiving two lots of new stock—one for its physical properties and one for its investment holdings of Pere Marquette and Chesapeake. For the latter holdings costing $17,900,000 (which cost is assumed by the new company) it is given new shares worth $23,200,000. This profit of $5,300,000 is not open to question here and should be credited against the total purchase

644 THE MAGAZINE OF WALL STREET

Is the Immigration Act Defeating Its Purpose?

Why It May Eventually Become a Disadvantage to Business

WHEN the legislators framed the National Immigration Act they did not foresee that it might bring about the very opposite situation from that planned. The principal economic reason for restricted immigration is to keep our workers from competing with an influx of cheap foreign labor in this country. But, as shown by the steadily increasing competition with American industries, the effect actually is to place American labor at a disadvantage since foreign workers, who are prohibited from coming to this country in large numbers, are compelled to increase their production at home or starve. This article casts a totally unexpected light on a situation which may exert a pronounced effect on American business and is to be welcomed as a startling contribution to knowledge of what the future may bring forth.

IS immigration restriction an unmixed success?

Like prohibition, a scoffer might say, "Let's wait till we try it before we answer."

Officially, the net immigration of aliens to the United States during the first fiscal year of the new quota law, ending June 30, 1925, was only 202,000.

Nobody knows what the bootleg immigration was; perhaps it was another 200,000. If so, our net immigration is not so much smaller than it used to be when there was no numerical restriction by law.

But for the purposes of this discussion we shall assume that alien immigration is legal immigration. Then, against the million of some pre-war years and the annual 400,000, net, of the four immediately preceding years we are now receiving only 200,000 immigrants a year, after deducting emigrants. Of these 200,000 a little over 100,000 enter gainful occupations.

Is that enough for a growing and expanding country which before the war absorbed 627,000 immigrants a year, of whom more than 300,000 were economic workers? If our national economy has not yet arrived at the "diminishing returns" stage, the obvious economic answer is that we who are here will suffer because we deny access to our industrial circle to hundreds of thousands who would come.

So long as we could provide work for the foreigners we were all better off in a business sense because they came. They earned more than their keep, else they would not have found jobs, and the surplus was a net addition to national wealth.

But the real situation is worse than the stark figures make it. Of the 200,000 net immigrants we are now getting, Canada—not affected by the quota law so far as Canadian citizens are concerned—is giving us 100,000. Except for the French Canadians, of whom we are receiving about 20,000 a year, the Canadians are pre-eminently white-collar immigrants. They contribute but a small quota to the manual workers and scarcely any to the rolls of common labor. "We are maintaining the best public school system in the world," a Canadian educator recently remarked to the writer, "for the education of future Americans." The "new immigration" from Europe is only 20 per cent laborers — and one-third of them are agricultural.

It is doubtful if the immigration act is giving us a gain of much more than 50,000 alien industrial laborers a year; one-sixth of what we have been absorbing with ease.

Including the natives, it is estimated that our present rate of industrial growth requires 750,000 new workers a year—or fifteen times our present worker immigration and 300,000 more than natural and immigration population growth now yield. Such figures as these seem to explain why a nation that is about half immigrant and the children of immigrants voted—as reflected by Congress—overwhelmingly for keeping the foreigners out—mostly—hereafter. It would appear that immigration restriction would be the greatest boon American labor ever had. Almost two eagerly beckoning jobs for each new laborer. Opinion, even among those who would abolish the numerical restriction law, is practically unanimous that from the point of view of labor there is only one view of restriction. Organized labor, at least 50 per cent of recent foreign origin, is unanimously and fiercely in favor of the law.

But is the question so simple, even from labor's viewpoint?

After all, the laborer is a social unit. He cannot escape general social ills. For example, the high cost of labor that seems indubitably to be resulting from immigration restriction may result in an even higher cost of living and a decline in actual wages. Housing has already reached unbearable costs, chiefly because of costly labor. The cost of living is again ascending.

The lack of common labor is likely to result in great and widely ramifying industrial disruptions. So far, the flow of labor from the country to the industries and the movement of negroes from the south to the north has made the labor scarcity endurable. But these are only temporary adjustments. A revival of agricultural prosperity—by no means impossible—will send vast numbers of laborers back to the country. It is conceivable that the industrial expansion of the country may

What Do *You* Think of This Subject?

We trust our readers will not hesitate to write and state frankly what they think of the subject discussed in this article. The more original communications will be published in an early issue.

be so checked for lack of common labor that there presently will be a surfeit of skilled labor.

Likewise with the white-collar workers. An abundance of common labor is apt to be the only insurance of employment for the skilled workers and the clerical people. One reason why people have got on and upward so well in America is that they have had the willing manual laborer from Europe to climb over. With fresh millions of humble workers pouring in to do the hard and dirty work, Americans have found room at the top. If there is no bottom there can be no top—for those between. That means a rigid society, and a job something to be inherited and tenaciously clung to. America Europeanized because we reject Europeans!

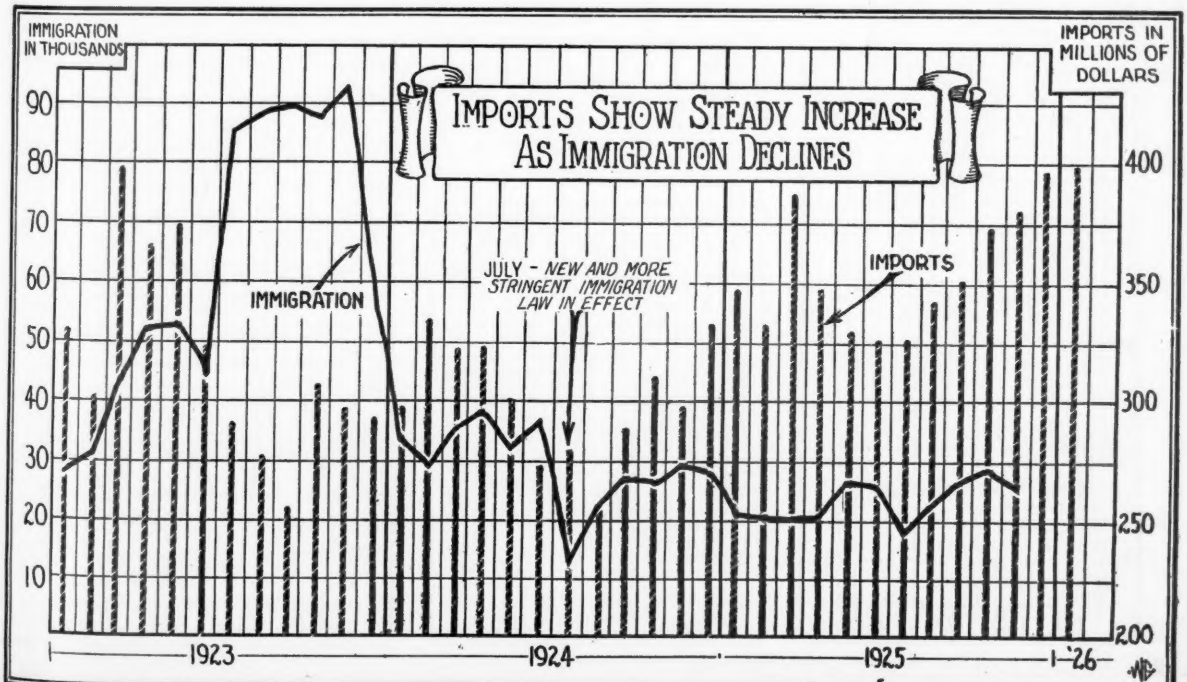
Again, is it not possible that, while immigration restriction does protect the American labor in the sense that it momentarily vastly reduces the personal competition of laborer against laborer for a job, it eventually increases the competition of labor products? *What will it profit the American laborer if he keeps the foreigner out but thereby increases the flow of foreign goods into this country and the competitive markets of the world?* Despite the highest tariffs we have ever had our imports are attaining unheard of dimensions. Our textile industries are already staggering under the pressure of foreign competition in the home market, to say nothing of the world market.

Europe congested with labor, largely because the American outlet is closed (and whipped on by its colossal debts to America), must find work at any cost. The would-be immigrant who would like to be a high-wage producer and high-standard consumer in this country, unconsciously revenges himself for his lost opportunity by producing more abroad and consuming less in the struggle to exist.

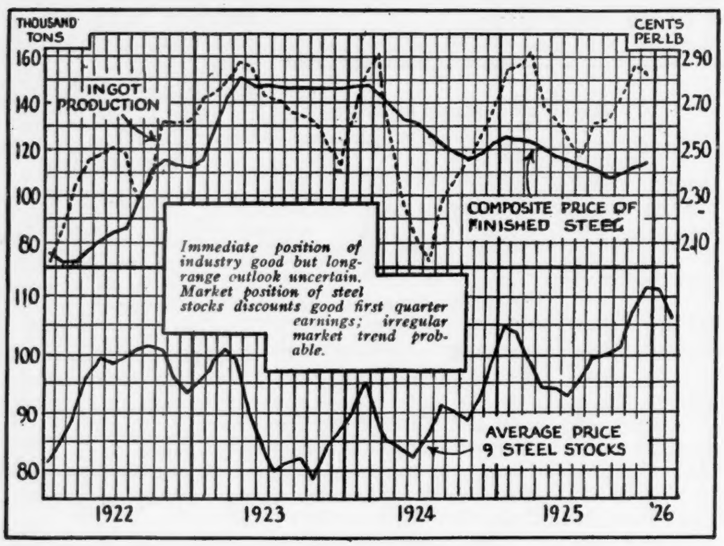
He forces his cheap products into the United States and restricts his consumption of American goods. He congests our domestic and foreign markets with his goods and takes none or less of ours. And he is learning machined industrialism and mass production. Not only is the continental European a cheaper worker but his work—his actual labor cost—is becoming cheaper than ours.

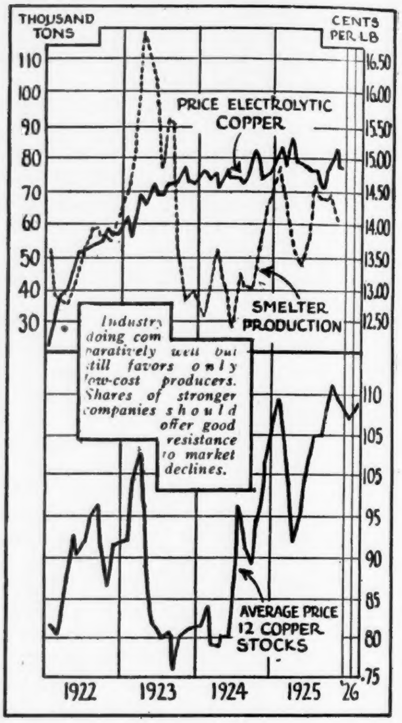
Secretary of Labor Davis says that the main cause of cyclical unemployment in the United States is the over-capacity of our industrial equipment. What will the next phase of depression bring to American labor if that over-capacity is in effect increased by a foreign competition that nothing short of an embargo can stop? We desperately need wider foreign markets. How can we get them when every man in Europe who can get a job is working harder than ever because the millions who formerly came to the United States to make new markets, as well as products for those markets, must work—or starve—at home?

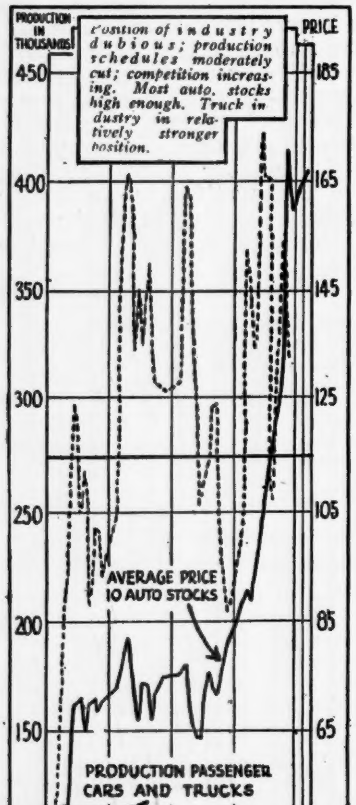
The writer is not unaware that there are answers to these questions, whether sufficient or not. His purpose is to interrogate rather than to affirm. It is not his intention to denounce the immigration law. Man does not live by meat alone, and there may be—probably are—other and controlling reasons for the restriction of immigration. But if we must pay the price in economic pinch, we should face the facts and chart our course accordingly; not wait until we are mystified by an industrial slump without reason according to all the rules—and then explore for what we should know now.

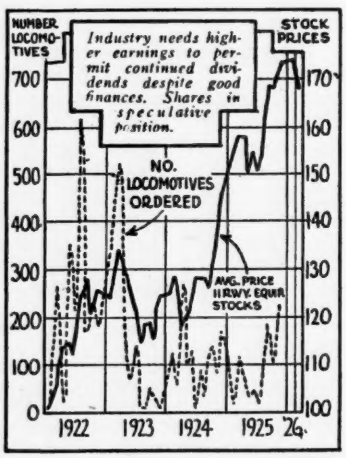


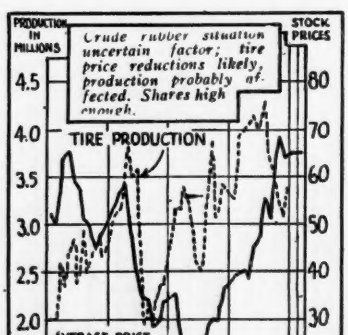
POSITION AND OUTLOOK INDUSTRIES AND

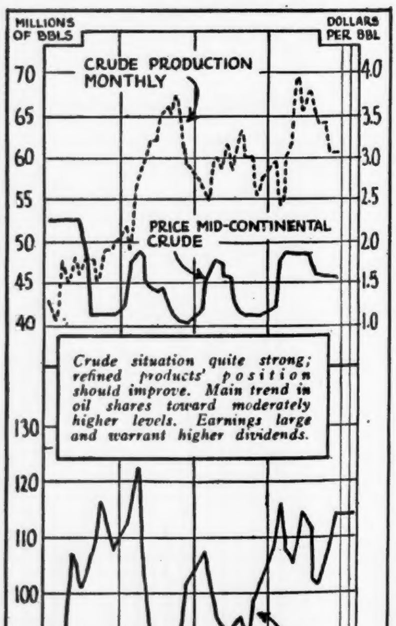




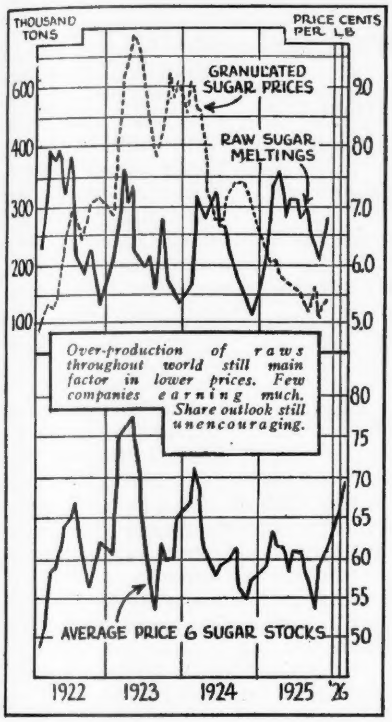


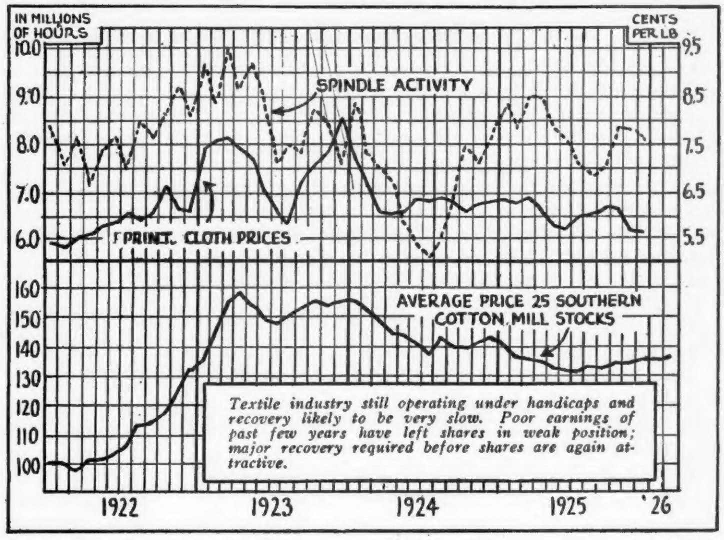


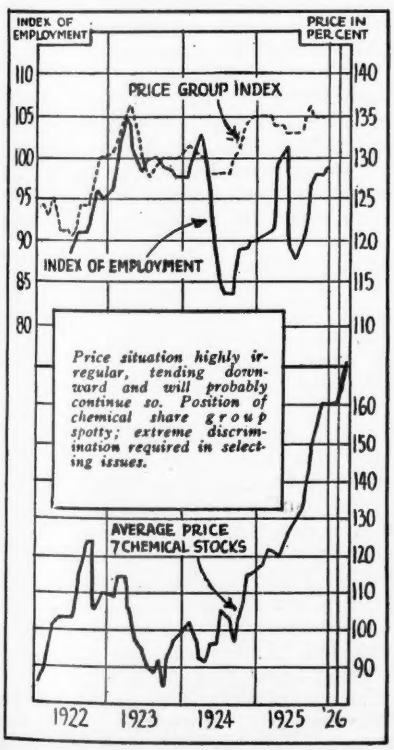


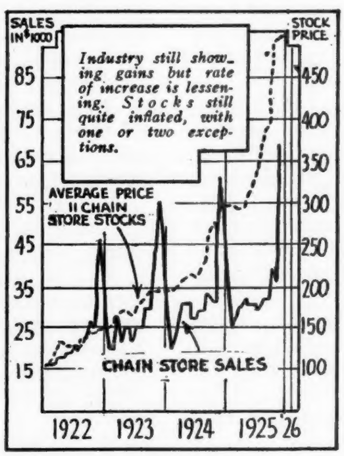


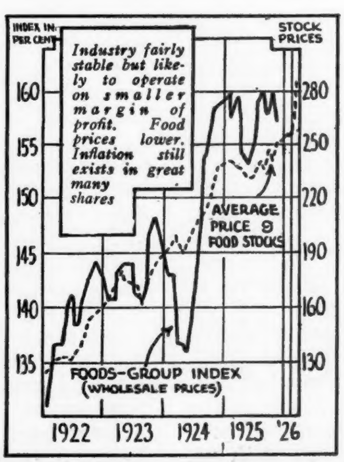
FOR TWELVE LEADING THEIR SECURITIES

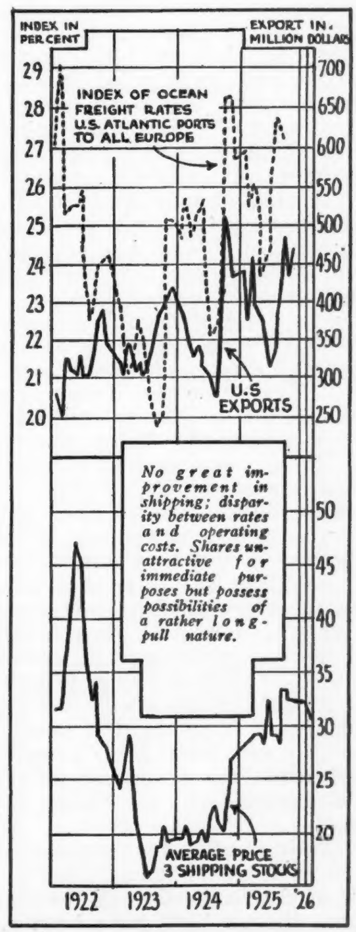












FIGURES IN STOCK GROUP AVERAGES COMPILED BY STANDARD STATISTICS CO.

Salvaging Florida's Wrecked Boom

Thousands Caught in Disastrous End of Ill-Advised Real Estate Speculation—What Is Ahead?

By A. R. PINCI

IN the November 21 issue we described the dangerous situation which then existed in regard to real estate speculation in Florida. During the past two months, it has become increasingly evident that the bubble has burst. What the present situation is and the logical outcome is told in this vividly descriptive story.

AFTER a period of sunshine which successively and swiftly sprouted, matured and boomed Florida to a point where it seemed as if there would not be enough of that State to meet the demand of the rest of the country, the still, small voice of prophets presaging an economic storm was heard. The end of the social season, which by itself has done so much to identify nationally known names with Florida, and the exodus of these sojourners, usually completed by Easter Sunday, is expected by many to signalize the half-masting of the $-flag in memory of those who came, who saw, but who did not conquer. In other words, the time has approached to count the casualties among those who have had the so-called Florida craze.

There will be very many among those thus hurt, approximately speaking. Injudicious persons who expected to get rich quick by means of Florida realty met the fate which usually befalls those who premeditatedly try to obtain much for little, to differentiate from those who try to get something for nothing. Yet Florida has nothing to do with this group, whose counterpart is getting hurt every day from Penobscot to Pasadena.

For so long Florida had been the Cinderella State that Prince Boom's advent was calculated to make us all sit up and take notice. Not a few went down. They swarmed from Fernandina to Key West, Tampa to Naples, virtually ignoring that there is a Bagdad. Those who could not go flattened their noses against publicity windows and rubbed fingers on frayed maps. Signature after signature on the "dotted line" followed, on information coupons, on options, on deeds, on mortgages, and of course on checks.

Five dollars was as good as five thousand, in a way. It all depended on how soon it was paid and for what, so many an early bird received a hundred and even a thousand per cent for his $5 where the investor with $5,000 may never get more than ten per cent. Those who made their lucky strikes, regardless of the amount of profit, did not proceed at once to salt their gains away. A few tried to woo fortune too often and among these will be found some of the pessimists now being heard from.

There is no room for pessimism in the whole situation as it exists today. One must discount the wails of the foolhardy and the trumpeting of promoters, though both have been and are with us, with especial reference to imitators. For a certain debt is due to the group of chance-takers and the few development men who went down when the times were propitious. In a country like this a poh-white-trash State, as Florida was too frequently known, has no place, any more than a man can do his best work with a festered finger.

Florida is an important part of the United States. There would be no sense to keep up the fiction that geographically it was out of the way and industrially it was worthless. It was necessary to discover Florida the second time, not from a Ponce de Leon standpoint, but from an all-America standpoint. It was, in sum, essential to make of Florida the proportionate part of the nation and to awaken it on its own account.

It would be a pity if the Florida idea, as a result of the present agitation and speculation, were to rest on its playground laurels. A natural playground like that, like the famous Côte d'Azur, is an industry by itself, but it cannot thrive, even if millionaires remain steadfast patrons, unless its remaining possibilities are utilized to the utmost.

Nearly all publicity and realty salesmanship somehow savored of that fact—that no better playground could be bought. That would be logical if Florida had the monopoly of becoming America's playground, but since no such monopoly is possible other opportunities must be considered on their merits.

H. M. Flagler, who poured millions into Florida and whose estate is still most active in the development of Florida—in some cases without having realized any dividends as yet—did not have a playground in mind, even though the Florida East Coast Railway Company crosses the most important resorts.

It is not very many years ago that Florida was advertising the gift of a three-room bungalow free with every purchase of twenty acres of Everglades land. It was from such modest beginnings that the recent boom was created.

One cannot of course dissociate Florida with post-war conditions. Suffice it to say here that but for the war Florida's present position might have come much later. Inherent sound economic conditions have enabled Americans to take for granted many luxuries, and Florida is thriving on the demand to the extent that it is able to serve a large part of the country. Notwithstanding the better organized and wealthier fruit and vegetable producing companies of California, Florida is mak-

ing much headway, having the advantage of many hours, in distribution, over Eastern United States. It is a matter of transportation, now, and this lack is being made up very rapidly.

Railroads and public utility corporations will expend about $150,000,000 during 1926 for improvements and extensions. That is quite an item, for a State that could almost have been bought for half that in cash twenty years ago! S. Davies Warfield, president of the Seaboard Air Line Railway and of its affiliated company, the Land Company of Florida, whose system is most active in development problems, recently announced the opening of a large commercial and agricultural development at Indiantown, involving 150,000 acres.

Ontside capital will now flow into Florida regularly. The idea has taken root, and that by itself is quite an advantage. The State's financial wealth now is the soundest in the peninsula's history, according to the State Comptroller. Its banks have combined resources of $539,100,777, divided among 271 banking institutions.

There are 400 hotels, in round numbers, with St. Petersburg, Miami, Daytona, Jacksonville, St. Augustine and West Palm Beach leading in the order named. Building activity is receding rapidly from the boom heights of 1925, but its progress will thenceforth be normal to keep pace with general business, which is not only remarkably good but is ahead of the corresponding period last year. Manufacturers are sending inquiries to railroads for private sidings more frequently than ever. And the stream of visitors continues to grow.

Of course, visitors, and interest outside of the State, have been together responsible for the boom conditions of very recent memory. But a boom implies a depression in the offing. There is no such thing in Florida. Florida's realty boom has been no different than the similar "realty booms" in other communities. Probably more net profit was made in real estate trading in what is known as the Grand Central zone of New York city during 1925 than in all of the State of Florida. The market in the metropolis did not approach boom proportions; it was merely active.

There has been the danger that outside capital, in dribbling amounts as paid in by the Joneses and Smiths and Does and Browns, would percolate within restricted areas and that these, in turn, might reflect topheavy conditions. That in some localities an overbought situation exists no one denies, but the losses that this will bring will be comparatively low. Yet who could expect any such miracle and its accompanying turnover to happen without a loss? It is not the loss that really counts; what matters is that its degree is much lower than even conservative authorities had estimated.

So far the greatest tragedies registered have been among the tin-can immigrants, who combined all the elements of preposterous pioneering. The ownership of a small automobile, tentage, and food for a given time, plus a sum of money, did not *per se* constitute the best equipment for those who actually wanted to pioneer, in the full sense of the word. The mere ownership of a motor-car was apt to engender, near rich men's playgrounds, the mañana spirit. And finally there came a morrow when the northward migration was inevitable; when Florida did not want the visitors and when they were obliged to depart under rather unpleasant circumstances. Charity organizations were called into the breach, but many a family head preferred to starve another twenty miles rather than sell his automobile.

A question frequently asked nowadays is what will happen to the small equity holder who has been unable to sell his contract to another speculator. This brings us back to the question of speculation versus investment. The speculator, who bought with no other object except to sell at once, was inviting trouble, and the less money he had the more precarious his position. There are numerous instances where certain realty—or realty contracts—were sold an indefinite number of times at a profit. But someone would have to hold the bag. Who is it?

Holding the bag, generally speaking, will not be a *sine qua non* of loss, provided patience and a certain capital reserve is available to pay the carrying costs during the interim when a sale may be made. Naturally, this means only in instances where land has a certain actual value as of today or a potential value as of tomorrow; that is, land in communities which may come to the front next year even if they are embryonic today. But it goes without saying that those who bought land without prospective enhancement (and there

The Trek Back

is much of that land) are due for a loss.

Haste to sell will perhaps make more victims than haste to buy, as things stand today. Those who must, will, and that chapter ends there. Those who don't have to will probably put their faith in Florida, add a little patience to it, and wait for results. Naturally, where high prices have been paid, it will take a long time to come out even.

It was said early in March and late in February that the break in the stock market would be reflected by a break in Florida realty prices. That may develop, but so far proof that the two are connected, except in a general sense, has not materialized. Yet it is true that those who had interests in both fields might sacrifice one for the other.

It is not as easy for a community, and much less easy for a State, to adjust its technical market position, as it is on the Stock Exchange. It will probably be years before Florida values will be sufficiently "averaged" to be basic. At present it is safe to say that some property is undervalued as most of it is overvalued. The equalizing process will have many victims, but, fortunately, the whole operation happens and happened at a time when the country was prosperous, when the people had a little reserve, when luxuries could be jettisoned temporarily pending economic recasting, and when work was indefinitely assured.

Certainly the Florida boom, so far as it has been a boom, could not have happened at a more propitious time. It is a boom because it has gone through the processes in two years that ordinarily would have required twenty years.

Southern California, a decade or so ago, underwent the experiences that Florida is now trying. Residents from Washington, Idaho, Oregon, and adjoining States "fell" for the California realty idea much as Ohio, Maine, Massachusetts and adjacent States have fallen for Florida recently. Was the Westerners' all loss, even the money they kissed goodbye? It may have been to most of the individuals concerned but not to the nation as a whole. Florida stands in this position today.

One must discount the impossible so far as Florida's future performance is concerned. The actual or prospective buyer outside of Florida must regard the proposition in the same light that the Floridans themselves do. They believe in their home State; they have every reason to make it all it should be. Chiefly that means to let Floridans have the necessary capital to produce. Apparently they are on their way. That is quite an achievement.

Mr. Flagler put millions of dollars into Florida when it was regarded as the home of alligators and mosquitoes.

It is to be hoped that high-pressure promotion has doomed itself, as it appears at this time. There was just enough of that to inoculate 47 States with the Florida fever, and has now served its purpose. More of it would defeat itself and destroy much of what it has built up.

The average individual who has put a few dollars—whether a few hundred or a few thousand—in Florida, may find it difficult to ride with the tide now, for his or her money seems in danger. The time when one could sell and reap a huge profit overnight is gone. One must sit tight, now, à la Astor or Gould, who protected their real estate. And look what it has been bringing lately! But then one has to be a Gould or Astor to stand by and watch values shrink. What will happen is that those with large capital will step in and salve the wreckage. But the profits will be theirs, not those who were unlucky enough to have bought at the top.

Florida is a stopping place to Cuba, now, and may eventually become a stopover to Panama, when travelers get the Latin-America habit, which seems growing fast. The Seaboard Air Line, the Atlantic Coast Line, the International Mercantile Marine, are names to be conjured with. They are putting millions into rapid land and water transportation thither. Are they doing it to throw away their money?

Hardly!

As usual, those with the largest capital will profit from the debacle. This means, principally, the big companies operating in Florida. The little fellow, specifically the one with insufficient capital, will bear what is probably an irretrievable loss.

Market History of Stocks Listed on the New York Stock Exchange in 1925

A DETAILED analysis of the market action of stocks listed in 1925 on the New York Stock Exchange reveals some very interesting facts. Eliminating several very special issues, there were 73 stocks listed. Of these, only 35, or less than 50%, were higher at any time more than a few points since listing. Only 13, or less than 18% still show substantial profits to those who had bought at listing and are still holding. Of the total listings, 33, or 45% now show at a substantial loss. At the bottom of the March break, 49, or 67% were lower, in many cases considerably lower, than when listed.

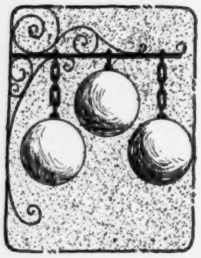
In bull markets, new stocks are offered, in most cases, at prices which subsequent events show to have been too high. This is not to say that the stocks were actually not worth the price paid at the time of offering or listing but that their lack of seasoning makes them vulnerable to market weakness. It is a proof of the fact that for ordinary investment purposes, new issues are not ideal though, as indicated in the table, several of the stocks made exceptionally large gains. Several years of seasoning are usually needed for a stock to attain qualities of even comparative market stability.

	Price at Listing	High 1925	Low 1925	High 1926	Low 1926	Recent Price	Change Since Listing
Ahumada Lead	12	12	7	9	7	8	— 4
Alabama & Vicksburg	105	110	103	111	108	108	+ 3
Amer. Brown Boveri	51	53	47	48	36	38	— 13
Armour & Co. A	22	27	20	25	23	24	+ 2
Artloom	40	60	39	63	53	55	+ 15
Belding Bros.	39	41	37	39	35	36	— 3
Botany Cons. Mills "A"	46	46	40	41	36	36	— 10
Briggs Mfg.	37	44	27	37	28	31	— 6
Brunswick-Balke	48	49	24	30	25	26	— 22
Byers, A. M.	25	44	23	38	33	33	+ 8
Carolina, Clin. & O. Ry	77	78	75	..	..	78	+ 1
Childs	55	74	49	66	52	55	..
Christie Brown	64	64	62	63	47	48	— 16
Commercial Credit	40	55	38	47	29	32	— 8
Coty	49	60	48	60	48	52	+ 3
Cuba Co.	54	54	44	53	43	45	— 9
Cudahy Packing	99	107	93	97	86	91	— 8
Dodge Bros. "A"	25	48	21	47	30	36	+ 11
Elec. Power & Light	18	40	17	34	18	23	+ 5
Essex Cotton Mills 1st Pf	97	97	96	..	..	96	— 1
Eureka Vacuum Cleaner	54	57	48	53	47	48	— 6
First Natl. Pictures 8% Pf	101	110	100	107	102	106	+ 5
First Natl. Stores	39	40	38	49	34	39	..
Fox Film "A"	72	85	68	85	61	66	— 6
Gabriel Snubbers "A"	31	39	28	42	37	39	+ 8
Gen. Gas Elec. "A"	60	61	58	59	44	49	— 11
Gen. Outdoor Adv. "A"	45	64	45	55	52	54	+ 9
Gen. Ry. Signal	*144	80	68	84	65	68	+196
Gotham Silk Hosiery	40	42	39	41	36	37	— 3
Gould Coupler "A"	23	23	18	21	18	19	— 4
Howe Sound	16	31	16	35	27	33	+ 17
Int. Match Pf.	60	60	56	66	53	61	+ 1
Lehn & Fink	40	44	37	41	33	34	— 6
Long-Bell Lumber "A"	50	53	45	50	47	49	— 1
Louisville Gas & Elec. "A"	26	26	23	26	22	24	— 2
Maytag Co.	26	26	21	28	19	20	— 6
Motion Picture Capital	20	20	19	23	19	22	+ 2
Moto-Meter "A"	42	44	40	53	40	43	+ 1
Motor Wheel	18	35	18	33	29	30	+ 12
Murray Body	42	42	5	15	10	13	— 29
Natl. Distillers Prod.	31	43	29	34	18	20	— 11
Natl. Tea	201	250	201	238	149	180	— 21
New York Ry.	10	12	5	20	6	16	+ 6
N. Y. Rys. Participation	205	310	262	359	296	354	+ 68
North Amer. Edison Pfd	96	96	94	95	92	94	— 2
Norwalk Tire and Rubber	18	18	12	15	11	12	— 6
Oil Well Supply	38	38	33	36	31	34	— 4
Oppenheim Collins	46	53	41	60	47	57	+ 11
Outlet Co.	57	57	49	51	47	48	— 9
Paige-Detroit	18	33	17	28	20	22	+ 4
Pan-Amer. Western "B"	37	49	37	46	34	38	+ 1
Pathe Exch. "A"	84	90	70	83	58	63	— 21
Penick & Ford	28	28	17	20	16	18	— 10
Pub. Serv. Elec. & Gas Pfd. 6%	94	100	92	99	97	99	+ 5
Reid Ice Cream	45	60	43	56	50	51	+ 6
Safety Cable	50	50	48	54	45	48	— 2
Seagrave Corp.	15	16	13	14	12	13	— 2
Shattuck, F. G.	40	92	40	69	51	55	+ 15
Shubert Theatre	52	55	51	60	52	55	+ 3
Spear & Co.	22	24	13	17	15	18	— 4
Sun Oil	41	43	38	41	31	34	— 7
Symington "A"	23	25	18	20	16	20	— 3
Universal Pictures 1st Pfd	104	103	94	95	90	90	— 14
Utilities Power & Light "A"	34	38	30	37	31	34	..
Vicksburg, Shreveport & Pac. Ry.	87	91	85	92	90	92	+ 5
Walworth Co.	23	24	21	23	20	21	— 2
Ward Baking "B"	43	95	37	85	55	63	+ 20
Warner Bros. Cv. "A"	22	22	17	18	12	15	— 17
Warren Bros.	46	51	43	50	44	47	+ 1
Weston Electric Instrument "A"	22	28	19	31	27	30	+ 8
White Rock Mineral Springs	44	49	33	38	31	34	— 10
Yale & Towne Mfg.	58	70	62	64	60	62	+ 4
Yellow Truck & Coach Mfg. "B"	23	48	22	32	27	29	+ 6

*Price of old stock split 4 for 1.

The Usury Game

What the "Small Man" Pays for Commercial and Mortgage Accommodation—Three Potent Remedies for the Abuse



"THE rate of money is 5%." So runs the average commentary in the financial press. Such statements must appear the acme of irony to a multitude of small business men and home builders, who know, to their cost, that the rate of interest they pay is frequently above 10%, and often more than 20%.

It makes no difference that 43 out of our 48 states have apparently stringent usury laws. It makes no difference what the rate of money is in Wall Street. Year in and year out, a great multitude of small business men, temporarily in a disadvantageous position, pay an appalling toll to the money lender.

How Many Are Filched?

When a leading expert in the banking system was called upon to give his opinion upon what are commonly called pawnbrokers' rates, he answered airily, "Oh, any responsible business man can get accommodation from banks or mortgage companies, at, say, 7%. These cases of which you speak must be marginal. There must be tremendous risk attached in making such loans and all in all, this can apply to only a tiny part of the commercial community." This is a typical attitude, yet it is not correct. As a matter of fact, the slightest examination of the situation reveals the fact that there is a normal volume of borrowing at 10% or more.

For example, let us take a corporation—fairly well known, but not of prime quality—that comes into Wall Street for its initial financing. Let us assume that it issues a 7% preferred stock, at 90, to be retired at 110. In the case of the smaller companies, such an issue would not be unusual. But its securities are not easy to sell. They lack "knowability." Hence, the company receives only about $80 per share from the bankers for every $100 sold. At that, the bankers may not make much money on the sale at 90. But from the viewpoint of the company it is paying about 9% in interest, or $7 upon the $80 received.

Now let us assume that five years pass, and the company's credit standing rises to equal the best. It may now wish to refund by issuing a 6% preferred stock. As such, it will have to retire its 7% preferred stock at 110. That means a premium of $30 upon $80 received in five years, or $6 per annum. Add this to the $7 paid annually in dividends and it will have paid each year $13 on every $80 received or interest at the rate of 16% per annum.

A still more striking example is the ordinary commercial discount. If billings are made on the basis of 2% for 30-day payments, then the rate of interest prevailing in favor of the cash buyer is 24% per annum at simple interest. In the case of a great firm, it can finance itself by 90-day paper at 6%. In the case of a smaller concern, although reputable and solid, it can, say, obtain only three-fifths of its needed "line" with the banks. At the same time it hates to forego the 30-day discount. It will be glad to pay 18% to usurers for two-fifths of its needs, in order to take advantage of such discounts. In other words, it will pay on a loan of $10,000, $360 per annum on $6,000, $720 on $4,000, or $1,120 equal to 11.2% on all its accommodation.

That such a concern is not exceptional everyone knows. That the usurer takes practically no risk he well knows; since such a loan is not made because the concern is in distress, but merely because it sees greater commercial advantage in making such a loan. In other words, it goes to the usurer for exactly the same reason that it goes to the bank.

The third obvious field where large masses of borrowers pay usurious rates is that of the second mortgage. Let us take the situation in New York City. Here is a city, the very head and front of our lending system where, undoubtedly, the lowest money rates in the United States systematically prevail. Interest rates must, on the average, be higher elsewhere. Yet, the greatest number of second mortgage loans on two-family homes is made as follows: $1,000 is loaned out for only three years and only $750 is actually advanced in cash for this three year mortgage. Interest at the rate 6% on the full thousand is discounted at once.

How the Usury Laws are Evaded

It is perfectly obvious that in this case a loan has been made at 14% per annum. Friends of the writer tell him that he is extremely conservative in his position, and that 25% is the more usual rate. It is, however, true that the average second mortgage loan on brownstone houses on the West Side of New York, where the first mortgage amounts to only 50% of the assessed valuation, and where the second mortgage does not more than equal 20% of the assessed valuation, has been found on the average—despite denials by the lenders—to be 18%.

Straight evasion of the usury laws in the sense of ignoring them is common enough. Whenever surveys have been taken of national banks, the majority have cheerfully admitted that they frequently make loans at rates exceeding the statutory limits in their respective states. The bank is the natural competitor of the usurer and is equipped to crush him, once it strives to throw off the shackles of usury restrictions. As we will point out later, the bank is restricted far more, however, by a childish notion of what constitute safe banking than it is by usury laws.

How It Sometimes Works

The most common form of usury is for a borrower, having an excellent line with a bank, to lend out the sums it has loaned him at 7%, at higher rates of interest to less fortunate men. The medium in New York City may be a lawyer who sometimes spends less of his time at law than at amateur financing. This type of lawyer is ideal for this purpose because he knows fully the distresses of some of his clients and the prosperity of others. Here, circumstance marks him out as a natural broker.

Since his most responsible client is conservative, he effects a loan, very often, from his conservative client, to himself at about 15%. This gives his client 8% above what he pays the bank, and he feels secure because he has not as yet paid the lawyer certain fees. The lawyer speedily relends to a man whom he knows to be a rather solid borrower at what amounts to 25%. This borrower, in turn, loans to the "graveyard" man at the equivalent of 40 or 60%, or whatever he can get.

Then follows the comedy of collecting. When the first borrower from the bank cannot obtain adequate renewal terms, he gets after the lawyer immediately. The lawyer gets after his client, and so on down the line. The ultimate pressure falls on the last frantic borrower who often must obtain money at the rate of 75% to repay money borrowed at 60%. He has very little option, as he is caught in a circle and he hopes against hope that he may yet be able to beat bankruptcy. The usurer may be clever enough to become very friendly with his victim, thus making it difficult, socially, for the victim to repudiate even if he wishes.

The methods by which these illegal rates are obtained are simple enough. The usurer uses the bank's method of obtaining a higher rate than is legal. He requires the borrower to keep a balance of, say, 25% of the loan in the bank, thus converting a 10% loan into

a 12.5% loan. But as a matter of fact, what is more often done is that the loan is made in cash against which a note will be given, often two or three times the amount of the money transferred.

The following form is orthodox. Four thousand dollars is advanced in cash. A note is made out for $8,000. This note is payable in one year. It is payable, however, at the rate of $2,000 per quarter. Very often interest at the rate of 6% is immediately returnable out of the $4,000 cash advanced. The average man finds it difficult to appreciate fully what such a rate of interest amounts to. It is certainly beyond 100%.

While borrowers in such cases are usually bad risks, every usurer can tell you that it takes three or four years for victims to reel into bankruptcy. In other words, the usurer can afford to lose the principal and still have made 25% per annum on his man. Obviously, if usury were not a paying business and a heavily paying business, despite its risk, and moral stain, men would not be so actively in the game. As a matter of fact, millions of men in the United States are caught in the usury mesh, from the farmer paying 12% on good collateral security, and the responsible business man paying the same rate of interest for most of his accommodation, whether directly or indirectly, to the necessitous borrower on a large scale paying at the harrowing rate of 100% per annum.

Loans such as those made by collateral loan societies, conservative pawn brokers, Morris Plan companies, etc., although at a rate of interest far exceeding the normal, are not, in essence, usurious. Since the loans are not made as a rule for productive commercial purposes, they can be considered loans for consumption, or to tide over certain difficult periods. The most philanthropic investigators have been compelled to realize that in view of this nonproductive basis for most of such loans, a high rate of interest must prevail, if such accommodation is to exist at all. Nevertheless, organized intelligent effort has reduced the rates on such accommodations, from the 20% a month charged by the loan shark to 3% or so a month charged by the best collateral loan societies. What has here been done on a small scale can commercially be effected on a large scale by three great reforms.

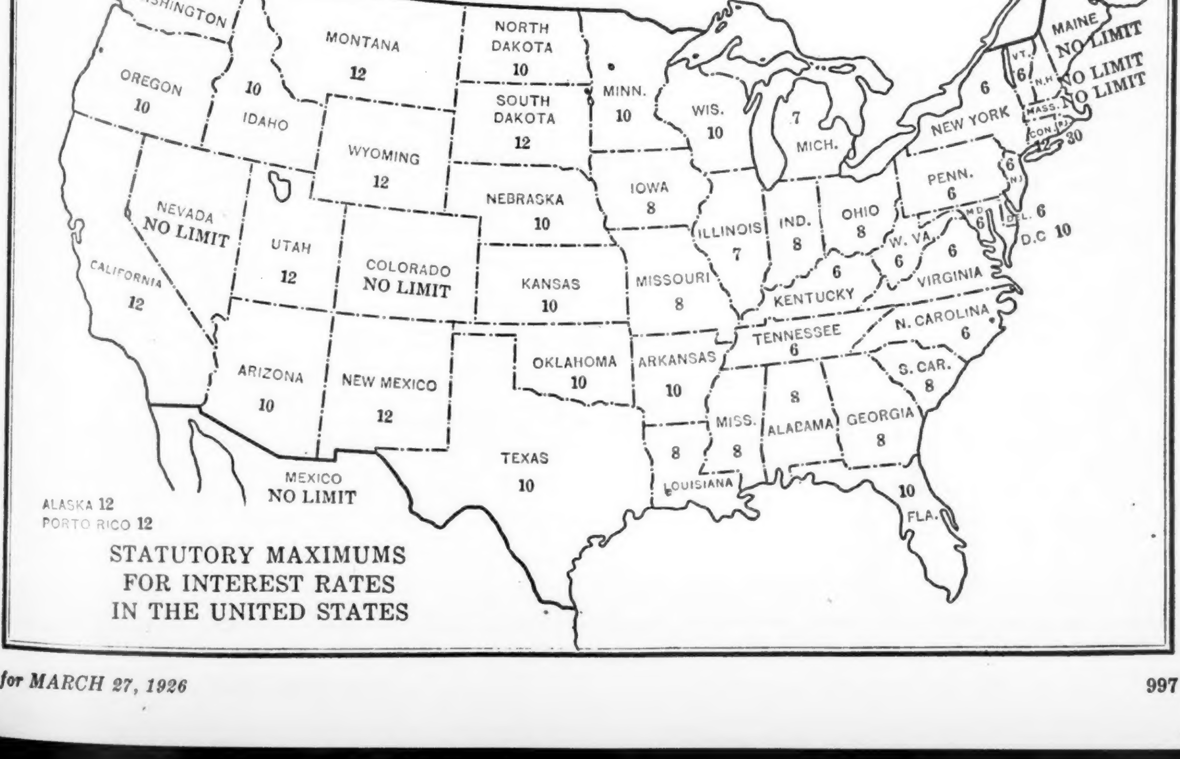
The first step must be the absolute abolition of all usury laws of any type with reference to commercial loans. Once it is legal to loan out money at any rate of interest whatsoever, it follows that the supply of money that can legally and honestly come into the field will be so increased as to reduce the rate of interest. Since the borrower *must* obtain money, if he obtains it by illegal shifts he will pay far more than it is worth. Laws against usury are ghosts of the past and nothing more. In the Middle Ages, the church held the payment of all interest to be unjust, and its sentiments remain imbedded in the statutes of a later day, even though the church itself accepts interest today.

The second reform will ultimately follow from the first. Instead of banks merely lending out to prime borrowers, they will by experience discover what the British banks have discovered. They will discover that risk in less desirable loans can be definitely measured and a premium charged accordingly. In this way, any sound business man will be enabled to obtain his full line of credit at a rate of interest sufficient to guarantee the bank as an average against loss. The limit of the rate of interest would then be the highest possible economic rate of interest consistent with profitable use by the borrower. This, and not the law, should fix the natural usury limit.

A still further method that can act collaterally to better the situation is the co-operative union of smaller business men. Those who know the success of mutualism, as it is called, in the Province of Quebec, know very well that it dooms the usurer. As usual it is in self-help that the salvation of the smaller business man will be found.

Agricultural loans have been brought within reason in the United States by the Federal Farm Loan Banks and Joint Stock Land Banks. While they have not remedied the entire situation they have taken the edge off most of the injurious loans. In Germany where the farmers were formerly in the clutches of usurers, the co-operative Raffeissen system has changed the face of the situation. The provincial banks were at first hostile but are now advocates of the system. The Schultze-Delitzsch credit unions have enabled the professional and executive classes to duplicate the success attending business men's co-operative credit unions. It is obvious that constructive measures against usury which have worked well in Europe will work well here.

The accompanying map is reproduced from "Usury and Usury Laws" by Ryan, published by Houghton, Mifflin.



STATUTORY MAXIMUMS
FOR INTEREST RATES
IN THE UNITED STATES

BONDS

Outlook for Bonds Grows More Favorable

Bullish Position Justified—Switching Stocks Into Bonds

IN February bond prices reached the highest level attained since pre-war days—that is, since the breaking off of relations with Germany in February, 1917. The average price of bonds was fully four points higher than in February, 1925. In the case of the second-grade rail bonds, the advances in the last year were about 7%. At present, price yields on high grade railroad bonds average below 4.70%, and on the highest grade public utilities have fallen away to as little as 4.90%.

This advance in prices has been continuous, with only two minor recessions, since 1921. Hence the glee of pessimists when during the recent market smash, bonds reacted slightly under the pressure. They felt that in bonds, as in stocks, a continuous bull market must see an end sometime. But when the smoke had cleared away, it was found that bonds had lost on the average only about two-thirds of one point. At the same time 50 stock averages had declined about 17 points. In other words, the recession in bonds was not one-twentieth the recession in stocks. This remarkable strength was shown in an eight day bear market, the like of which has not been witnessed for many years. The recession in bonds, however, was made up automatically and they are today in the strongest position in a decade.

Are Bonds Cheap?

Naturally when yields on good bonds begin to skirt the 4.5% level, there is much shaking of heads and wonder as to whether bonds have much of an advance left in them. The answer must be derived from the past, and from showing that the present situation is an almost perfect duplicate of the past.

Before proceeding further, it must be borne in mind that the bonds referred to in this discussion are bonds without conversion or warrant features. In other words, they do not reflect or share directly in the fluctuations in the stock market.

Bonds became popular in the United States, largely as a result of Civil War issues. From 1873 to 1897 there was a decline in commodity prices and consequently, bond issues were favored, as the purchasing power of the income derived from them grew greater all the time. As is usual, when commodity prices decline, interest rates declined also, and hence, the price of bonds went up.

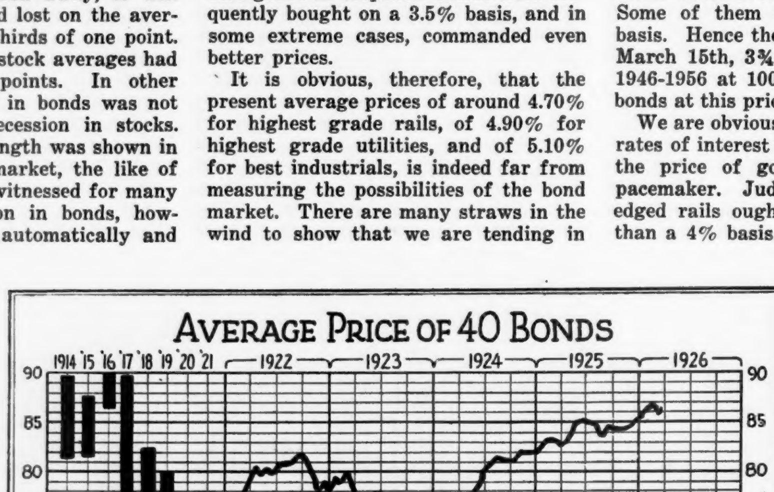
This tendency reached its highest point about 1895, when the Bank of England discount rate was fixed at the legal minimum of 2%, and when money at call in London was loaning at ½% per annum. At this juncture, of course, Consols sold in London on better than a 2.5% basis. In the United States where interest rates were higher, the very best grade of corporate bonds were frequently bought on a 3.5% basis, and in some extreme cases, commanded even better prices.

It is obvious, therefore, that the present average prices of around 4.70% for highest grade rails, of 4.90% for highest grade utilities, and of 5.10% for best industrials, is indeed far from measuring the possibilities of the bond market. There are many straws in the wind to show that we are tending in this low yield direction and that bonds will sell at higher levels in the not very distant future. If these straws point in the right direction, the answer to the question, "Are bonds cheap?" is emphatically in the affirmative.

Government Borrowing an Index

For a long time bond men have favored Liberty bonds having the most distant maturity, considering it axiomatic that interest rates would decline in the next generation. The position of the market in Liberties has steadily reflected this opinion. In other words, it is the consensus of expert opinion among bond men that on any security such as Liberty bonds, where there is no other question than that of the income rate, prices ought to tend higher. Not so long ago, in fact, last summer, Liberties were hovering around a 4% basis. Some of them are now on a 3.75% basis. Hence the government issued on March 15th, 3¾% Treasury Bonds of 1946-1956 at 100½. Yield on the new bonds at this price is 3.73%.

We are obviously on the road to lower rates of interest for all other bonds, for the price of government bonds is a pacemaker. Judging by the past gilt-edged rails ought to sell on not more than a 4% basis. The advance from a 4.70% basis to a 4% basis may mean in some cases an advance of more than 10% in the capital value of a bond. If this should take place in, say, three years, as seems more than likely, an investor will show an average yield of close to 8% on bonds of unquestioned safety. This is, of course, based on the assumption that he sells at the end of these three years. Hence, not only is there wide room for improvement in the price of bonds, but the speculatively inclined may with profit turn their attention from stocks and place part of their commitments in the bond market.



(*Please turn to page* 1041)

Bonds

THE over-supply of money, which resulted in lowering of both time and call rates, was not reflected in bond quotations. For some time, the bond market has remained firm at ruling high levels, some of the extra legal issues selling on a basis to return less than the time money rates, so it is not unnatural that a recession in such rates should be without effect in view of ruling prices. On the other hand, there was no weakness in any of the investment grade of bonds. Such issues as Delaware & Hudson Convertible 5s and the Chesapeake & Ohio Convertible 5s advanced spectacularly, but that was due, not through their investment merit as to their speculative possibilities, bond quotations following the market for the stocks into which the issues are convertible, and when junior securities reacted in the market, the bonds quickly followed spectacularly on the downward side.

A Quiet Market

The market in the middle-grade rails was also rather quiet with few price changes. Among those which made a marked advance in price level were the Rutland Railroad 1st 4½s of 1941, which moved up 2 points. The same situation existed in the middle-grade industrial and public utility issues, trading resulting in only slight fractional changes here and there.

In the speculative division, considerably greater activity was noticeable with prices displaying a downward tendency, but, even in this division, recessions were comparatively small, and there readily appeared a demand for bonds which displayed any real price weakness. Erie Railroad 4s of 1996 were the chief sufferers, declining six points, on announcement of the refusal of the Interstate Commerce Commission to sanction the proposed Van Sweringen-Nickel Plate consolidation. The Erie issues had been selling at rather generous levels in anticipation of benefits to be derived from the proposed consolidation. In the industrial division, there was very little change. Oils, coppers, rubbers, etc., maintained their previous levels. Sugar bonds were practically unaffected by the general declining sugar stocks.

With plenty of money seeking investment channels, there is no reason to feel that any real weakness will be witnessed in the bond market for some time to come. It is true that current prices are at a comparatively high level, but here and there can be found issues which return a yield above the general rate for bonds of similar grade and it can be expected that such issues will gradually resume their proper place in the market.

Speaking in terms of longer-range prospects, it seems evident that bonds, particularly of the better descriptions, must inevitably move to higher levels. There would seem to be no point in disposing of such issues at this time.

Bond Buyers' Guide

(Bonds listed in order of preference)

High Grade

(For Income Only)

Non-Callable Bonds:		Approx. Price	Approx. Yield	¶ Int. earned on entire funded debt
Great Northern Genl. 7s, 1936	(c)	112	5.40	2.19
Atlantic & Danville 1st 4s, 1948	(a)	78	5.75	....
Western Union Telegraph Co. 6½s, 1936	(a)	112	5.00	7.64
New York Edison Co. 6½s, 1941	(b)	116	5.00	3.30
Chicago & Northwestern 7s, 1930	(b)	108	4.75	1.80
New York Dock Co. 4s, 1951	(a)	82	5.30	2.70
Callable Bond:				
Armour & Co. Real Estate 4½s, 1939	(a)	92	5.35	....
Laclede Gas Light Coll. & Rfd. 5½s, 1953	(c)	104	5.20	1.76

Middle Grade

(For Income and Profit)

Railroads:				
Cuba R. R. 1st 5s, 1952	(a)	92	5.60	2.45
St. L. & S. F. Prior Lien 4s, 1950	(c)	80	5.50	1.25
Western Pacific 1st 5s, 1946	(c)	98	5.15	2.40
New York, Ontario & Western Rfd. 4s, 1992	(a)	70	5.75	2.00
Missouri Pacific 1st & Rfd. 6s, 1949	(b)	104	5.70	1.20
Baltimore & Ohio Convertible 4½s, 1933	(b)	96	5.20	1.35
Baltimore & Ohio Rfd. 5s, 1995	(b)	96	5.20	1.35
Missouri, Kansas & Texas Prior Lien 5s, 1962	(c)	99	5.05	1.10
Boston & New York Air Line 4s, 1955	(a)	76	5.70	....
Kansas City Southern Rfd. and Imp. 5s, 1950	(a)	96	5.30	1.90
Minneapolis, St. Paul & Sault Ste. Marie 6½s, 1931	(a)	103	5.80	1.50
Rutland R. R. 1st 4½s, 1941	(a)	89	5.60	1.75
Industrials:				
South Porto Rico 1st Mtg. and Col. 7s, 1941	(b)	108	6.20	g 3.31
Sinclair Pipe Line 5s, 1942	(b)	90	5.90	g 2.50
Goodrich, B. F., Co., 1st 6½s, 1947	(b)	105	6.10	g 4.21
International Paper Co. 5s, 1947	(a)	94	5.50	3.50
U. S. Rubber 5s, 1947	(c)	94	5.50	g 2.91
Bethlehem Steel Co. 5s, 1936	(a)	96	5.50	1.90
Armour & Co. of Del. 1st 5½s, 1943	(c)	95	6.00	....
Anaconda Copper Mining Co. 1st 6s, 1953	(b)	103	5.75	g 1.25
Cuba Company 6s, 1935	(b)	95	6.80	e 7.00
Consolidation Coal Co. Rfd. 5s, 1950	(a)	85	6.20	2.00
Public Utilities:				
Manhattan Railway Cons. 4s, 1990	(a)	64	6.30	g 0.90
Amer. Water Works & Elect. Corp. Col. 5s, 1934	(c)	97	5.50	2.40
Ohio Public Service 7s, 1947	(c)	111	6.10	f 2.00
United Fuel Gas 6s, 1936	(b)	103	5.60	e 7.00
Hudson & Manhattan Refunding 5s, 1957	(c)	94	5.40	2.60
American Gas & Electric 6s, 2014	(c)	100	6.00	2.00
American Power & Light Deb. 6s, 2016	(c)	98	6.15	3.00
Kansas Gas & Electric 6s, 1952	(b)	104	5.70	1.80
Commonwealth Power Corp. 6s, 1947	(c)	103	5.75	4.50
Market St. Ry. 7s, 1940	(b)	99	7.10	2.30

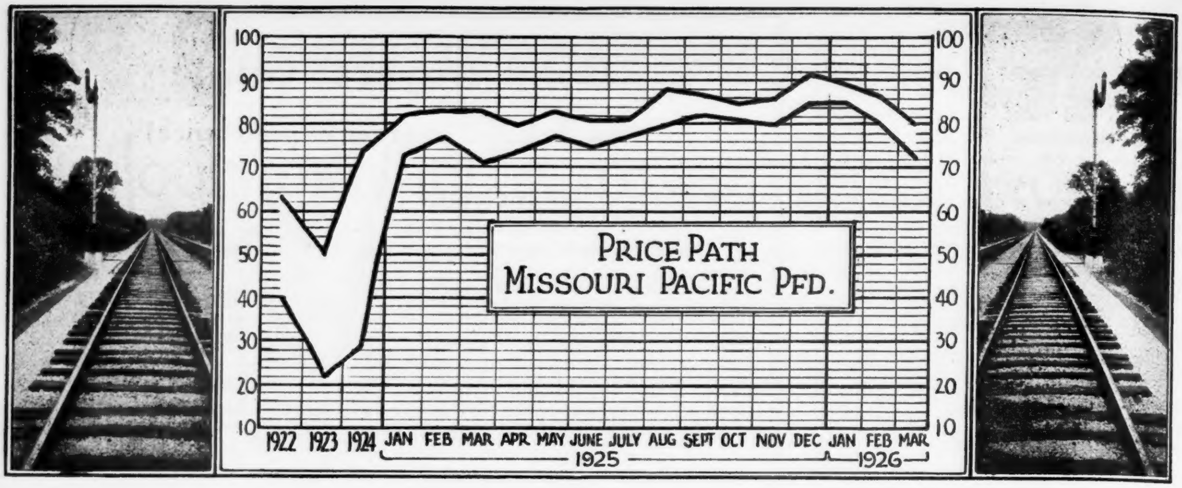
Speculative

(For Income and Profit)

Railroads:				
Erie Genl. Lien 4s, 1996	(b)	68	5.90	1.31
St. Louis & San Francisco Adj. Mtg. 6s, 1955	(c)	94	6.45	1.25
Missouri, Kansas & Texas Adj. Mtg. 5s, 1967	(c)	93	5.40	1.10
International Great Northern Adj. 6s, 1952	(c)	73	6.10	....
Chicago Great Western 1st 4s, 1959	(a)	67	6.40	0.85
Western Maryland 1st Mtg. 4s, 1952	(a)	68	6.60	1.20
Rock Island, Ark. & Louisiana 1st 4½s, 1934	(c)	91	5.90	....
Industrials:				
Pan. Amer. Petroleum & Transport Conv. 6s, 1934	(c)	106	5.10	25.00
Cuba Cane Sugar 7s, 1930	(c)	95	8.50	2.15
International Mercantile Marine 6s, 1941	(b)	85	7.70	2.50
Warner Sugar Refining Co. 1st 7s, 1941	(c)	97	7.30	....
Public Utilities:				
Empire Gas & Fuel 7½s, Series "A," 1937	(c)	102	7.20	3.30
Brooklyn-Manhattan Transit 6s, 1968	(c)	94	6.40	e 1.52
Chicago Railways 1st 5s, 1927	(a)	75	16.00	1.15
Hudson & Manhattan Adj. Income 5s, 1957	(b)	78	6.70	2.00
Interboro Rapid Transit 5s, 1966	(a)	70	7.30	0.95
Third Avenue Railway Rfd. 4s, 1960	(b)	61	7.00	i 1.73

¶ This represents the number of times interest on the companies' entire outstanding funded debt was earned, based on earnings during the last five years. Includes government payments during period of government operation of railroads.

(a) Lowest denom., $1,000. (b) Lowest denom., $500. (c) Lowest denom., $100. (d) Lowest denom., $50. e Average last three years. f Average last two years. g Average last four years. i Does not include interest on adjustment bonds.



Missouri Pacific—A Potential Atchison

Acquisition of Subsidiary Railroads an Important Factor in Road's Progress—Preferred Stock on Bargain Counter

By J. A. POLLOCK, JR.

FEW railroads in the last few years, a period of surprises, form reversals, and recrudescence in the carrier field, have occasioned greater interest than Missouri Pacific. In the fall of 1923, it was common gossip that unless the road earned its interest charges, which it ultimately did with a margin of $121,000, or 1%, receivership would ensue. In 1925, earnings left a margin over interest of $7,648,000, or 52%, and might just as well have been materially larger, had the company chosen to inaugurate or increase the dividend disbursements of one or more of its prosperous subsidiaries.

It is in this acquisition of subsidiaries that the spectacular phase of Missouri Pacific's recrudescence is presented. Ordinarily, a company on the verge of receivership does not embark upon a program of rapid expansion with much prospect of success. This, however, is exactly what has been accomplished in this instance. In the last two years the 7,337 mile Missouri Pacific has brought under its control the 1953 mile Texas & Pacific, the 921 mile New Orleans, Texas & Mexico, and the 1160 mile International-Great Northern, a total of 4,034 miles. It has acquired in addition a half interest in the Denver & Rio Grande Western operating 2,560 miles.

The picture would not prove very alluring to any one familiar with the earlier history of these roads and unacquainted with more recent events. On the whole, these five lines have probably spent more time in receivership than they have in a state of solvency, and each one has seen more than one receivership. All have at one time or another been objects of "high finance," in the less reputable sense. A thorough understanding of the change that has taken place requires a little historical background.

Fifteen years ago that territory reaching south from St. Louis and Kansas City and west from the Mississippi to Mexico and New Mexico, constituted the graveyard of railroad ambitions. Vulgarly stated, there was a lot more railroad in the region than there was traffic, and there was a lot more capitalization than there was railroad. Practically every large carrier in the district (excluding the transcontinentals) was under the jurisdiction of the courts.

One by one they have since been reorganized and for the most part along drastic lines, made necessary by the insufficiency of previous readjustments. In other words, new capitalizations were based upon past records of earning power rather than mileage. As not infrequently happens in financial affairs, this turned out to be the exact period when the real territorial development, first stimulated by oil discoveries and later carried on by natural economic advantages, should get under way. Today, all the railroad mileage of the southwest stands fully justified.

Subsidiaries Acquired Cheaply

Naturally, when a property is physically rejuvenated under a receiver and its capital structure drastically scaled down at a time when earning power is undergoing a rapid change for the better, there is apt to be presented a bargain, particularly if an event like Federal Control, immediately preceding, has tendered to throw all railroad securities into discredit. It is now ancient history that the reorganized roads of the southwest belong in this class. The point is that Missouri Pacific has acquired a number and, from its own standpoint, the choicest of these bargains.

To find a parallel situation it is necessary to go back to the late nineties, when so many railroads, particularly in the west, were in receivership following the 1893 depression. That had been as bad a time for the railroads as has been the more recent period. A few men with vision stepped in to acquire the bargains, and within a relatively short time there began to emerge those present towers of strength, the Union Pacific, the Southern Pacific and the Atchison. Between the Atchison of 1901 and the Missouri Pacific of today a rather curious variety of parallels exist.

Both, in their respective periods, are found operating about 7,000 miles of line and both belong essentially to the southwest. Excessive dividends rather than lack of earning power was in both instances, the cause of receivership and reorganization, which took place in 1893-95 for Atchison and 1915-17 for Missouri Pacific.

Reorganization Factors
(in millions)

	Atchison	Missouri Pacific
Reduction in debt	$70.0	$50.0
Reduction in interest charges	3.0	3.5
Increase in capital stock	110.0	70.0
Cash provision	14.0	41.0

In addition, Atchison, through substitution of adjustment bonds bearing contingent interest, was enabled to save

Development of Property and Earning Power—

Missouri Pacific Proper

Date	June 1, 1917	July 31, 1925
	(In Millions)	
Road & Equipment	$348.4	$433.8
Investment	30.2	62.5
Total Property Account	$378.7	$496.4
Funded Debt	$227.4	$314.8
Preferred Stock	71.8	71.8
Common Stock	82.8	82.8
Total Capitalization	$382.0	$469.4
Working Capital	1.3	21.7
Surplus		38.1

12 months ended	Dec. 31, 1917	Dec. 31, 1925
Gross Revenues	$ 78.3	$130.8
Net Operating Income	19.9	18.0
Charges Net	9.7	10.3
Net Income	10.2	7.6
Miles Operated	7.325	7.337

$2,000,000 annually for a number of years. This hardly compensated in a comparative sense, for the greater amount of cash provided in the Missouri Pacific reorganization, as revealed in the subsequent six year periods (1896-1902 and 1917-1923).

	Atchison	Missouri Pacific
	(In Millions)	
Additions to property	$85.0	$52.0
Capitalized	69.0	29.0

Atchison rapidly expanded its mileage, about 1,400 miles in six years. Missouri Pacific's expansion has been indicated above; as a system it equals in extent the Atchison of today. In the first period under review Atchison, by adding 20% to mileage and 25% to interest charges, doubled gross earnings. Since 1917 the Missouri Pacific Railroad *proper* has added nothing to mileage and practically nothing to interest charges in the development of its own property, but gross revenues have been increased 67%.

It took Atchison about five or six years to find itself, common earnings equalling better than 6% in 1905 and over 9% in 1902. It has been nine years since the Missouri Pacific reorganization, but this period was interrupted by the three years of government operation. In any event, common share earnings, including the undistributed equity in profits of subsidiaries, were better than $6 a share in 1924 and over $8 in 1925.

To carry the parallel to its ultimate conclusion, Missouri Pacific stands on the threshold of exceedingly good times.

The company's equity in subsidiaries now constitutes the following: over 86% of the capital stock of the New Orleans, Texas and Mexico, which in turn owns all of the stock of the International-Great Northern; all of the preferred stock and 25.8% of the common stock (making up a 53% voting control) of the Texas & Pacific Railway; $1,719,700 general mortgage (income) bonds, $948,800 preferred stock and one-half the common stock of the Denver & Rio Grande Western (also half of the valuable Utah Fuel Co.). These latter are controlled jointly with the Western Pacific Railroad. Thus in effect through a community of interests Missouri Pacific has a transcontinental line clear through to San Francisco.

Operates in Compact Territory

The upwards of 11,000 miles embraced in the directly controlled lines constitute an exceedingly compact fan-shaped system, extending west and south from St. Louis as an axis. One stem reaches thence through Kansas City to Pueblo, Colorado, with a spur north to Omaha; another southwest to Texarkana, where it divides, one branch turning more westerly to a connection with the Southern Pacific and Mexican lines at El Paso, the other meeting the National Railways of Mexico at Laredo. Still another rib follows the direction of the Mississippi south to New Orleans, with a branch to Memphis. The New Orleans, Texas & Mexico follows the line of the Gulf Coast from New Orleans, around to another connection with the National Railways of Mexico at Brownsville. The main stems are exceedingly well supported by lateral lines. East of El Paso, Missouri Pacific holds a monopoly of Mexican connections.

It may prove desirable in the future for Missouri Pacific to acquire a Chicago entrance. Either the Alton, the Chicago & Eastern Illinois, or the Wabash might be regarded as possibilities, although the latter would seem destined for some combination more towards the east. The management might even seek to complete further the Denver-Western Pacific alignment. In any event, as now constituted, Missouri Pacific would seem to occupy a fairly impregnable position in its own territory.

Prior to the inauguration of its expansion program the company had outstanding in round figures about $35,000 per mile of funded debt and $21,000 per mile of preferred and common stock, or $56,000 in all. As a result of subsequent financing debt is now about $41,000 per mile, and total capitalization, stock and bonds, approximately $62,000 per mile. This compares more than favorably with other roads in western and southwestern territory.

It is, however, undoubtedly more correct to regard the system as a whole (with the exception of the Denver & Rio Grande Western), consolidating the mileage of the company and its subsidiaries, and applying this against the outstanding debt and capitalization on the various properties, but not the capitalization owned within the system. On this basis, funded debt would total about $36,500 a mile, while stock issues would be equal to about $17,250 a mile, or $53,750 in all. This is practically identical with that of Atchison and very much better than the average of $65,000 per mile capitalization of all western roads.

It is in a company's credit that the best index of the conservation of an expansion program should be found. The principal medium for Missouri Pacific's refunding and new financing is its first and refunding mortgage. This issue is limited, except upon consent of stockholders, to $450,000,000, of which about $125,000,000 are reserved for refunding underlying bonds and about $67,000,000 are outstanding. That is, the issue is practically unlimited. The Series "A" 5s which as recently as the early part of 1924 sold on a 6.80% basis now yield not quite 5.40%, indicating that future financing may be accomplished on a very economical basis.

In the appended tables it will be noted that net operating income was less in 1925 than in 1917. This feature is worthy of special comment. It is explicable purely on the grounds of the low maintenance expenditure during the 1917 year, the ratio to gross reve-

(*Please turn to page* 1064)

Missouri Pacific and Subsidiaries

Per Share Earnings

Year	Missouri Pacific Pfd.	Missouri Pacific Com.	Texas Pac. Common	N. O. T. & Mex. Common	Int. Gt. Nor. Common	Den. R. G. West. Common
1917	$12.49	$6.49	$7.75	$6.80	....	....
1918	2.58	....	1.16	2.39	....	....
1919	5.91	0.79	1.70	0.33	....	....
1920	6.97	1.71	4.44	10.92	....	....
1921	2.18	....	3.89	9.86	....	....
1922	Def. 2.14	....	1.39	11.47	....**	....
1923	0.16	Nil	5.68	16.19	$1.22	....
1924	9.05	3.51	6.94	18.42	5.78	....**
1925	10.65	4.89	6.80	16.76	1.43	$1.28*

* Includes no dividends from Utah Fuel Co. ** Predecessor company.

Missouri Pacific, including equity in subsidiaries	1924	1925
Earned per share on preferred stock	$12.60	$14.65
Earned per share on common stock	6.58	8.36

Are the Utilities Deflated?

Conservative Systems Still Present Opportunities—Time to Separate Sheep from the Goats

WHEN the eight - day slaughter on the stock market which culminated March 4 was surveyed, a great many of the fallen were found in the public utilities group. Seven or eight disastrous pools were caught when the utilities were made a pivot of successful attacks, but there was something more fundamental shown by the ease with which the entire group of utility stocks went down before the bears. True, there has been subsequent recovery, but it has not made up all that has been lost, nor is it the most significant fact for the investor. For him the real question remains, "What were the weaknesses that led to the break?" As a constructive investor he has one further question, "What securities do not reveal the weaknesses that led to the general market break?" Although all utilities shared in the disfavor of the market, it remains true that some went down merely because they were part of the generally reactionary utilities group, whereas others declined because their companies had pursued financial policies that led to the group breakdown.

Culmination of an Inflation Period

Prior to 1924, the utilities were not inflated. If anything, if one goes back to periods like 1922 or 1923, he will find that as a group the utilities were undervalued in comparison with industrials. Market gains since 1924 were, therefore, of a twofold character. One part of the advance was corrective, that is, brought utilities into line with industrials, and the other part of the advance was compounded of two bad factors—one, the general market inflation, and second, excessive enthusiasm for utilities, once their merit was disclosed. The striking earnings of holding companies, based largely on equities in operating companies, contributed to give a color to the industry that was just a little too much heightened.

But not all utilities shared in the advance. Those that registered the fewest gains were such conservative operating companies or holding companies whose good old-fashioned accountancy did not permit them to give an impression that went beyond the facts. Such are the Philadelphia Company and the Consolidated Gas of Baltimore, two common stocks that still remain very attractive.

Public Utilities a Misnomer

When we speak of inflation in utility stocks, we speak very loosely. For all practical purposes, the term "public utilities" is useless. Take, for example, the question of growth. The electric power and light industry is a fast growing set of enterprises; the gas industry grows at a rate greater than population; and the traction industry shows if anything a decline. Interurbans have shown great recessions and occasional advances, but net loss on the whole. Water companies show slight growth, and are usually superseded by municipal enterprise. On the other hand, a utility such as the telephone companies is unique in that an expansion of its business does not mean more profits, unless accompanied by higher rates. Since its increases of revenue do not spell operating economies, it is impossible to speak of the earning prospects of the telephone companies as one would of the hydro-electric companies, where any increase of business to equal the load is "velvet."

But most important of all remains, of course, the distinction between operating and holding companies. It is entirely possible for outstanding securities of operating companies in the hands of the public to show excellent yields and good returns whereas the holdings companies having only junior securities to rely on may show no earnings at all. In such a case, it would not follow that a deflation in holding companies spelled deflation in stock prices for operating company preferred stocks, or operating company bonds. On the other hand, when an operating company is exceptionally profitable, it is more than likely that its securities will not be attractive, but that the investor should make commitments in the securities of holding companies. There is only one reservation, and that is that holding companies' capital stock shall not be valued on the basis that the dividends it receives from operating companies in good years will be perpetual.

Has Market Inflation Been Wiped Out?

In calculating the value of the common stocks of industrial companies, it is a good rough rule that a stock ought not to sell for more than ten times its recent average annual earnings, provided that the last year's earnings were at least as good as the average. The only time when it is possible to disregard this safety ratio, is either when the company is increasing its earnings at almost a perpendicular rate, so that next year's earnings increase can reasonably be discounted, or where there are concealed realizable assets that may be distributed in the future, or where an impending merger may prove of exceptional value to the company.

But this ten-times ratio is of little service in measuring inflation of utility stocks. What then is the common denominator in all the varied utility stocks that can be used as a guide to the all-important question of which of them are over or undervalued?

An Excellent Guide to Earnings Stability

A fairly good basis, of course, remains the ratio of market price to earnings. Not that it is decisive as in the case of industrials, but that it serves as a guide to indicate crude and extreme inflation. But the principal consideration must remain that percentage of the gross revenues of the entire system which is applicable to the common stock. That is to say, if the gross consolidated revenues of a system are 100 millions and 25 millions are applicable to the common stock as net earnings, whether of operating or holding company common stock, it would take almost a catastrophe to wipe out the earning power of this common stock. If, however, such a system were to have 4 millions applicable to the common stock, a reduction in rates by the local public utilities commission would wipe out the earning power of the stock. Let us assume 500,000 shares in the latter case. Earnings would be $8 a share and yet not safe. In the case of electric light and power companies, however, the annual increases in revenue are such as to help cancel even the danger of reduced rates.

The accompanying table illustrates the position of 20 leading common stocks of every known type in the utility industry. Appraisals of future position are made. The investor should not miss the opportunities presented by the recent market recession in some of the deflated issues. He will also see that many stocks are still far from attractive even after their market breakdown.

Status and Outlook of 20 Important Public Utility Common Stocks

Name of Company	1925 High	1925 Low	1926 High	1926 Low	Recent Price	Dividend $	Yield %	Earned Per Share $	Ratio Market Price to Earnings	Percentage Gross Revenues Entire System of Earnings applicable to Common Stock	REMARKS
Consolidated Gas of New York	97	74	104	90	93	5.00	5.37	6.98	13.3	18.4	Possibility favorable Supreme Court rate decision remains bullish factor. Apart from decision stock is attractive.
People's Gas & Coke (Chicago)	122	112	130	117	120	8.00	6.67	11.54	10.4	16.0	Peoples Gas becoming center of a gas pool like electric superpower systems. Stock combines good yield and market possibilities.
Brooklyn Union Gas	100	73	78	68	73	4.00	5.48	6.30A	11.3A	16.0A	Attractiveness of stock bound up entirely with impending Supreme Court rate decision. Otherwise earnings would be too low.
American Telephone & Telegraph	145	130	150	142	149	9.00	6.04	11.79	12.6	14.3	This standard investment can be considered only for steady income. Certain subsidiaries have recently had unfavorable developments.
Western Union Telegraph	144	116	147	134	140	8.00	5.71	15.19	9.2	11.7	Appears to have an assets position much stronger than revealed in balance sheet. Stock is under priced.
Brooklyn Edison	156	120	146	133	138	8.00	5.79	10.00	13.8	24.7	Augmenting earnings in rapidly growing territory. Common stock earnings are impregnable. Excellent investment.
Detroit Edison	159	110	141	124	128	8.00	6.25	10.67	12.0	21.5	Has practically same merits as Brooklyn Edison. Conservatively managed. Price attractive for long pull.
Hudson & Manhattan	38	21	39	35	37	2.50	6.75	3.81	9.7	14.8	Shows good surplus of earnings over dividend requirements. New extensions into Newark should assist revenues. Fairly cheap.
American Light & Traction	288	137	263	197	218	7.00	3.21	18.59	11.7	18.0	Building up of capital assets instead of dividend disbursements compensates for low yield. At about right price.
American Power & Light	68	48	79	50	58	1.00B	1.72C	4.01D	14.5D	13.2D	In every respect less favorable than American Light & Traction. Too high.
Columbia Gas & Electric	86	45	90	75	79	2.60	3.29	5.38	14.6	24.2	Earnings of common stock amply safeguarded with building up of surplus going on steadily. Price right but not especially attractive.
Federal Light & Traction	37	26	39	28	33	0.80	2.42	2.67	12.3	18.1	In every respect price is too high. A well managed system. Attractive on any considerable recession.
Philadelphia Company	68	51	70	59	63	4.00	6.34	6.80E	9.2E	12.0E	An investment standby. Great natural gas and electric producer in heavy manufacturing area. Assets greatly in excess of amount revealed. Attractive.
Public Service Corp. of New Jersey	87	62	92	72	79	5.00	6.33	6.30	12.5	7.1	Recent accessions to capital make earnings per share less attractive than they should be. Price not out of line.
Middle West Utilities	124	82	135	109	118	5.00	4.23	8.07	14.6	9.5	Extensive Insull system somewhat more conservative than many similar systems. Attractive only on recession.
United Light & Power "A"	167	44	143	80	80	2.40B	2.93C	7.00EH	11.4E	13.0E	Recent market break was a feature. Change in presidency resulted. Stock to be split 5 for 1. Still somewhat too high.
Consolidated Gas, Elec. & Power of Baltimore	47	31	58	44	50	2.50	5.00	5.59	8.9	32.0	Increasing gross accompanied by still greater growth in net makes this most attractive commitment in list.
North American Company	75	41	67	47	54	3.40	6.29	3.12	17.3	12.0	Earnings disappointing, high market price ratio to earnings and small percentage gross to common, all make stock too high.
National Power & Light	467F	184F	38	17	22	0.40	1.81	1.46	15.0	12.0	While earning a good surplus above common dividends, stock is too high priced to favor commitments.
Am. Water Works & Electric	76	34	74	48	55	1.20	2.18	4.03G	13.6G	5.6G	With small percentage gross revenue attributable to common and low ratio earnings to price stock is far too high.

A—Includes income in reserve fund pending decision. B—Plus scrip. C—Cash dividend basis only. D—As of September 30, 1925. E—Estimated. F—Old stock split 10 for 1. G—Preliminary. H—owns 347,840 shares Am. Lt. & Traction.

INDUSTRIALS

Switching for Income and Profit

THE purpose of the following switches is to provide a practical guide for the investor in rearranging his security holding to conform with the present market outlook. In the left-hand column we have listed the stocks which seem to be selling at unattractive prices in relation to present or prospective earnings. In the right-hand column are those issues that still seem desirable from the standpoint of underlying values, earning power, or income return. In both instances, our position has been taken from the long range viewpoint. It is not necessary, therefore, to immediately complete a proposed switch. Stock prices in these pages may not be in agreement with those on the date of publication, due to the rapid fluctuations of the stock market and mechanical difficulties involved in adjusting this complicated tabulation.

Stocks from Which to Switch

American Can, Common

Recent Price	Annual Dividend	Yield %	Earned $ per Share 1925	Earned % on Market Price
50	5.2	4.0	5.46	10.9

Years of patient up-building reflected in high earnings during period 1922-25. Exceptionally strong financial position. Old common split four for one and stock div. of 60% declared in Feb. High enough for present.

American Hide & Leather, Preferred

Recent Price	Annual Dividend	Yield %	Earned $ per Share 1925	Earned % on Market Price
56	..	..	†4.5	8.0

Capital readjustment plan of March, 1925, has improved position, but still leaves 7% preferred with 148¼% back divs. unpaid. Earnings record of past two years and outlook for industry not encouraging.

American Ice, Common

Recent Price	Annual Dividend	Yield %	Earned $ per Share 1925	Earned % on Market Price
121	*10	8.2	†25.	23.2

Sound company but market price of shares has outrun earning power and apparent prospects for near future expansion. Low ratio of common stock to preferred stock and bond capitalization makes shares unusually sensitive to fluctuations in earning power.

American Radiator, Common

Recent Price	Annual Dividend	Yield %	Earned $ per Share 1925	Earned % on Market Price
115	4	3.5	†10	8.7

Building boom of recent years has greatly stimulated earnings. Company in very strong financial condition and could pay larger div. Doubtful that previous rate of growth will continue and present price makes liberal allowance for possibility of increased div.

American Water Works & Elec., Common

Recent Price	Annual Dividend	Yield %	Earned $ per Share 1925	Earned % on Market Price
55	‡1.2	2.1	4.03	7.3

Public utility holding company that has made remarkable strides since 1921. Controls largest group of water works utilities in U. S. Earnings still growing. Market price of shares, however, suggests that near future prospects have been sufficiently exploited.

Associated Dry Goods, Common

Recent Price	Annual Dividend	Yield %	Earned $ per Share 1925	Earned % on Market Price
46	2.5	5.6	†5.5	11.9

Holding company controlling several department stores. Sharp gain in earnings in recent years. Farther expansion probable but likely to be at less rapid rate. Shares selling at prices to discount such expansion and possible increase in div.

Burroughs Adding Machine, Common

Recent Price	Annual Dividend	Yield %	Earned $ per Share 1925	Earned % on Market Price
88	3	3.4	†7.0	7.9

Manufacturer of adding and calculating machines with long and successful record. No bonded debt. Very strong in working capital. Earnings, present and prospective, on basis of present capitalization do not seem to justify present price, however.

California Packing, Common

Recent Price	Annual Dividend	Yield %	Earned $ per Share 1925	Earned % on Market Price
132	*8	6.2	f†13.0	7.9

Merger debacle has carried shares down from extreme high but shares are still selling on basis to indicate liberal discounting of past good record and pending 100% stock div.

Central Leather, Preferred

Recent Price	Annual Dividend	Yield %	Earned $ per Share 1925	Earned % on Market Price
50	..	..	†4.5	9.0

Conditions in leather industry afford no great promise of early resumption of preferred dividends despite company's satisfactory financial condition. Deficits shown in two out of last four years. Div. 35% in arrears. Possibility of reorganization.

Chicago Pneumatic Tool, Common

Recent Price	Annual Dividend	Yield %	Earned $ per Share 1925	Earned % on Market Price
104	5	4.8	†6.75	6.5

Average yearly earnings of $5.88 a share for 3 years ended 1924 and estimated net of $6.75 last year not indicative of early increase in div. rate. Likely to suffer in event of reaction in building activities.

*Including extras. †Estimated. ‡Also paying 2½ in stock. §On new stock. f—Year ended Feb. 28.

Stocks to Switch Into

Abitibi Power & Paper, Common

Recent Price	Annual Dividend	Yield %	Earned $ per Share 1925	Earned % on Market Price
79	4	5.1	†11	13.9

One of largest paper and newsprint manufacturers in the Dominion of Canada. A quasi-public utility by virtue of its extensive holdings of water power sites. In strong competitive position and could easily pay larger dividend despite lower newsprint prices.

American Steel Foundries, Common

Recent Price	Annual Dividend	Yield %	Earned $ per Share 1925	Earned % on Market Price
43	3	7.0	4.47	10.4

Railroad supply company which made good showing last year despite poor business in other branches of equipment industry. Strong financial position built up through conservation of large earnings of former years and seems well able to maintain present div. rate. Affords attractive yield.

American Tobacco, Common

Recent Price	Annual Dividend	Yield %	Earned $ per Share 1925	Earned % on Market Price
115	8	7.0	†10	8.7

Dominant factor in the tobacco industry, covering practically every phase of manufacture. Has long record of stable earnings with tendency toward good growth. Persistent expansion in consumption of popular-priced cigarettes a material factor in company's prosperity. Dividend well protected. Yield attractive.

Anaconda Copper Mining Co., Common

Recent Price	Annual Dividend	Yield %	Earned $ per Share 1925	Earned % on Market Price
46	3	6.5	NF	NF

Scope of activities materially increased in recent years through acquisitions. Absorption of Chile Copper and American Brass in 1922 and 1923 followed by affiliation with von Giesche interests in Germany last year. Has promising long pull prospects and should eventually pay larger dividends.

Atlantic Refining Co., Common

Recent Price	Annual Dividend	Yield %	Earned $ per Share 1925	Earned % on Market Price
103	..	..	†15	14.6

Prominent refining and distributing company which has apparently recovered from operating difficulties of more recent years, as indicated by marked recovery in earnings during 1925. Resumption of dividends seems probable sometime this year, particularly in view of favorable outlook for oil industry.

Austin Nichols, Inc., Common

Recent Price	Annual Dividend	Yield %	Earned $ per Share 1925	Earned % on Market Price
22	..	..	†3	13.6

Wholesale grocery store and packing enterprise with somewhat checkered career. Has recovered from early mistakes of former management and made good progress in past few years. Essentially a long pull speculation but has promise.

Baltimore & Ohio R.R., Common

Recent Price	Annual Dividend	Yield %	Earned $ per Share 1925	Earned % on Market Price
92	5	5.4	12.14	13.2

Principally a freight carrier handling large volume of soft coal traffic. One of oldest trunk lines in the country. Earnings in past three years have been very good and foreshadow probability of increase in dividend rate.

Brooklyn-Manhattan Transit Corp., Common

Recent Price	Annual Dividend	Yield %	Earned $ per Share 1925	Earned % on Market Price
60	4	6.7	j4.64	7.7

Company has made definite and gratifying progress since reorganization in 1923. Gross and net revenues show upward trend due to consistent growth in population of districts served. Political situation improved. Further increase in dividend possible in order to facilitate common stock financing.

California Petroleum Corp., Common

Recent Price	Annual Dividend	Yield %	Earned $ per Share 1925	Earned % on Market Price
36	2	5.6	4.09	11.4

Strong Pacific Coast oil company with well rounded earning power. Net profits have shown progressive yearly gains since 1915, with exception of 1924, and are again tending upward. Promising oil speculation.

Cerro de Pasco Copper Corp., Common

Recent Price	Annual Dividend	Yield %	Earned $ per Share 1925	Earned % on Market Price
64	4	6.3	‡7.0	10.9

Earnings record of company reveals ability to show good earnings even in the face of mediocre copper prices. One of the most important and lowest cost producers. True earning power not apparent from income reports due to liberal depreciation and depletion charges. In excellent position to benefit in event of improvement in copper market.

†Estimated. NF—Figures not available. j—Year ended June 30, 1925. ‡Estimated, before depletion and depreciation.

Stocks from Which to Switch

Coca Cola, Common

Recent Price	Annual Dividend	Yield %	Earned \$ per Share 1925	Earned % on Market Price
141	7	5.0	14.47	10.2

Leading soft drink producer. Earnings in 1925 well above six-year average of \$8.24 a share for common, due largely to low prices for sugar. No funded debt. Gradually retiring preferred stock. Favorable factors seem sufficiently discounted in present price.

Colorado Fuel & Iron, Common

Recent Price	Annual Dividend	Yield %	Earned \$ per Share 1925	Earned % on Market Price
33	..	..	4.65	14.0

Large western steel manufacturer of erratic earning capacity. Apparently has difficulty in meeting competition from eastern mills in Pacific Coast markets. Divs. seem remote.

Crucible Steel, Common

Recent Price	Annual Dividend	Yield %	Earned \$ per Share 1925	Earned % on Market Price
72	5	6.9	a5.05	7.0

Earning power shown in recent years would suggest that company has probably reached limit of dividend possibilities for present. Current rate not altogether secure in case of recession in steel business.

Cushman's Sons, Common

Recent Price	Annual Dividend	Yield %	Earned \$ per Share 1925	Earned % on Market Price
93	3	3.2	4.55	4.9

Bread, cake and pastry manufacturer whose shares have participated liberally in the speculative movement of baking stocks. Has good record of growth but stocks unattractive from standpoint of yield and immediate prospects.

Cuyamel Fruit, Common

Recent Price	Annual Dividend	Yield %	Earned \$ per Share 1925	Earned % on Market Price
47	4	8.5	n2.93	n6.2

Second largest tropical fruit company in world. Failed to earn common dividend in 1924, due to combination of low sugar and banana prices. Increase in funded debt and uncertain earnings outlook render stock unattractive speculation.

DuPont (E.I.) DeNemours, Common

Recent Price	Annual Dividend	Yield %	Earned \$ per Share 1925	Earned % on Market Price
218	*15	6.9	a9.38	a4.3

A "management company" owning or controlling extensive manufacturing companies in chemical, motor and related industries. Owns one share General Motors common for each share own common outstanding and has, consequently, participated in 1925 prosperity of motor companies. Seems high enough.

Federal Mining & Smelting, Preferred

Recent Price	Annual Dividend	Yield %	Earned \$ per Share 1925	Earned % on Market Price
75	7	9.3	c28.33	39.9

In view of past highly erratic earning power and uncertain life of present mine properties, these shares must be considered uncertain speculation despite last year's exceptional earnings. Considerable risk attends commitment.

Fleischmann Co., Common

Recent Price	Annual Dividend	Yield %	Earned \$ per Share 1925	Earned % on Market Price
44	2	4.6	3.08	7.2

Largest maker of yeast in world and enjoys practical monopoly of compressed yeast business in U. S. Also produces important by-products. While profits have shown consistent expansion, earnings on present capitalization indicate common is near limit of dividend possibilities for near future.

Fox Film, Class A

Recent Price	Annual Dividend	Yield %	Earned \$ per Share 1925	Earned % on Market Price
66	4	6.1	†6.0	9.1

Engaged in production and distribution of motion pictures as holding company. In sound financial position but increase in earnings last year seems fairly well discounted in current market price of shares.

General Refractories, Common

Recent Price	Annual Dividend	Yield %	Earned \$ per Share 1925	Earned % on Market Price
46	2	4.4	5.20	11.8

One of most important makers of fire brick and refractory materials. Earning power quite variable. Margin between earnings and dividend on basis of three year average does not indicate ability to maintain materially higher rate, though increase is possible.

Gould Coupler, Class A

Recent Price	Annual Dividend	Yield %	Earned \$ per Share 1925	Earned % on Market Price
19	\$2	10.5	n1.56	n8.2

Maker of railroad car accessories, couplers, etc. On basis of present capitalization, margin of earnings over Class A dividends leaves something to be desired. Working capital position sound but not strong enough to support divs. in face of protracted slump.

Jones Bros. Tea, Common

Recent Price	Annual Dividend	Yield %	Earned \$ per Share 1925	Earned % on Market Price
17	..	..	nil	nil

Retail grocery store company with unimpressive record. Financial condition weakened by ill-advised dividend policy in 1923 and operating deficit in 1924. Earning power low.

†Estimated. n—Yield on market price based on earnings for first nine months as shown. s—Yield on market price based on earnings for first six months as shown. c—Based on officially estimated net earnings before depletion. a—Year ended Aug. 31.

Stocks to Switch Into

Chile Copper Co., Common

Recent Price	Annual Dividend	Yield %	Earned \$ per Share 1925	Earned % on Market Price
33	2.5	7.6	n2.9	8.8

One of lowest cost producers in the industry. In position to show good results and maintain dividends under adverse conditions in copper market. Dividends seems secure. Attractive for income return and long pull speculative possibilities.

Cluett Peabody & Co., Inc., Common

Recent Price	Annual Dividend	Yield %	Earned \$ per Share 1925	Earned % on Market Price
66	5	7.6	8.58	13.0

Though earnings of this leading shirt and collar manufacturer are subject to variation, net has averaged \$10.07 a share for the past ten years. Company is exceptionally strong in working capital and could easily disburse larger share of earnings to common stockholders.

Consolidated Gas of New York, Common

Recent Price	Annual Dividend	Yield %	Earned \$ per Share 1925	Earned % on Market Price
95	5	5.3	6.97	7.3

Does extensive gas business in boroughs of Manhattan, Bronx and Queens. Also controls New York Edison Co., a profitable subsidiary. Entitled to rank as an investment common stock on its merits. Anticipated that so-called "dollar gas law" case will result in favorable decision for company and may be followed by higher dividend.

Continental Can Co., Common

Recent Price	Annual Dividend	Yield %	Earned \$ per Share 1925	Earned % on Market Price
81	‡6	7.4	10.81	13.3

Ranks second to American Can as manufacturer of tin containers. Good average earning power. Balance sheet reflects conservative up-building of fixed assets and steady expansion of working capital. Dividend rate conservative in view of earnings shown in last two years. Attractive for long pull.

Electric Storage Battery Co., Common

Recent Price	Annual Dividend	Yield %	Earned \$ per Share 1925	Earned % on Market Price
78	‡6	7.7	9.47	12.2

Company may boast an impressive record of expansion in gross and net revenues over long period of years. Common dividends have been paid without interruption since 1901 and at steadily higher rate since 1918. Recently paid \$1 extra in addition to \$5 regular. Semi-investment common stock affording good yield.

Endicott Johnson Corp., Common

Recent Price	Annual Dividend	Yield %	Earned \$ per Share 1925	Earned % on Market Price
69	5	7.3	8.47	12.3

Entitled to higher price on its merits. Has never had unprofitable year since present company was organized in 1919. Earnings relatively stable for industrial company and enjoys favorable relations with employees due to liberal profit-sharing plan.

Famous Players-Lasky Corp., Common

Recent Price	Annual Dividend	Yield %	Earned \$ per Share 1925	Earned % on Market Price
122	8	6.5	18.39	15.0

Has shown earnings in excess of \$14 a share in each year since 1918, indicating ability to withstand periods of business depression. Financial condition sound. Company has no bonded debt. In position to pay larger dividend. Stock moves over rather wide range but attractive if purchased in reactionary market.

General Asphalt Co., Common

Recent Price	Annual Dividend	Yield %	Earned \$ per Share 1925	Earned % on Market Price
67	..	..	†7	10.2

Controls large asphalt deposits in Trinidad but is more commonly regarded as an oil company owing to its holdings of oil properties, especially in Venezuela. Earnings have been gradually expanding in past four years and dividends seem in sight. Probable development of South America oil properties adds further speculative flavor.

General Petroleum Corporation, Common

Recent Price	Annual Dividend	Yield %	Earned \$ per Share 1925	Earned % on Market Price
61	3	4.9	NF	NF

Strong Pacific Coast Oil company whose operations include all phases of oil business. Sound financial condition; strong in working capital. Substantial percentage of earnings reinvested in properties in former years, but management has announced intention of giving stockholders large share in current earnings. Company involved in recent merger rumors.

Goodrich (B. F.) Co., Common

Recent Price	Annual Dividend	Yield %	Earned \$ per Share 1925	Earned % on Market Price
64	4	6.3	17.33	27.1

One of the "Big Five" rubber manufacturers. Resumption of common dividends in August, 1925, reflects sharp recovery in earning power since memorable deflation period. Earnings in 1924 and 1925 permitted company to materially strengthen working capital position. Good prospects for larger dividend.

Great Northern Ry., Preferred

Recent Price	Annual Dividend	Yield %	Earned \$ per Share 1925	Earned % on Market Price
74	5	6.8	8.56	11.6

Adversely affected by post war agricultural depression but has shown material improvement in earnings since 1922 as result of operating economies and recovery in farming industry. Should show further gradual improvement. Attractive as long pull rail commitment, meanwhile yielding relatively high return.

Hudson & Manhattan Railroad, Common

Recent Price	Annual Dividend	Yield %	Earned \$ per Share 1925	Earned % on Market Price
37	2.5	6.8	3.81	10.3

Interstate passenger carrier operating tunnel system between up and down town New York and points in New Jersey. Practically a rapid transit enterprise, but rates regulated by Interstate Commerce Commission, which assures reasonable return on investment. Higher rates in recent years, together with steady increase in traffic reflected in gradual expansion of earning power. Attractive on yield basis.

†Estimated. ‡Including extras. n—First nine months. NF—Figures not available.

Stocks from Which to Switch

Recent Price	Annual Dividend	Yield %	Earned $ per Share 1925	Earned % on Market Price

Kresge (S.S.) Co., Common

59	1.2	2.0	3.17	5.3

Ranks next to Woolworth in ten-cent store field. Popular speculative enthusiasm for chain store stocks has carried shares to high level, discounting probable growth for some years to come.

Laclede Gas, Common

155	8	5.2	15.38	9.9

Company has good earning power and shares are sound but appear unattractive at these levels from viewpoint of income return. Out of line with other utility stocks of like caliber.

Loose Wiles Biscuit, Common

114	..	...	10.39	9.1

Steady expansion in earning power over past four years has materially strengthened financial standing and paved way for inauguration of common dividends. The latter possibility, however, appears to have been fairly well discounted.

McCrory Stores, Class B

88	1.6	1.8	†4.5	5.1

Present price places generous premium on prospect for future growth of this five-and-ten-cent store enterprise. Overvalued on basis of current yield as well as prospects for increase in dividend.

Market Street Ry., Prior Pfd.

45	..	..	†7.5	16.7

Enjoys occasional speculative flurries on strength of political developments. Gross earnings show only mild tendency to increase and stock seems long way removed from dividends. Fixed charges increased in recent years.

Mathieson Alkali

83	4	4.8	8.35	10.0

Has shown good earnings in last four years and is in strong financial condition. Gross and net subject to variation in conformity with general business conditions, however, and while company could pay more, higher dividend seems already discounted to large extent.

Maytag Company, Common

20	2	10.0	†2.5	12.5

Organized in August as successor to domestic washing machine manufacturing business. Earnings have shown steady increase, but while there is no funded debt or preferred stock ahead of the 1.6 millions common, capitalization appears over-generous in relation to earnings.

National Lead, Common

155	8	5.2	†13.5	8.7

Company's financial integrity and earning capacity unquestioned. Shares entitled to rank among investment common stocks. At prevailing prices, however, yield is only moderate and conservatism of management does not suggest prospect of large increase in yield at early date. High enough.

Otis Elevator Co., Common

119	6	5.0	n9.31	7.8

While company enjoys very strong financial position and has excellent record, shares have reached levels which limit their attractiveness for the present. Might also be affected by recession in building boom.

Postum Cereal Co., Common

91	4.4	4.8	6.85	7.5

One of leading food products makers which has recently embarked upon vigorous policy of expansion. Has substantial earning power and will doubtless experience further growth. Price of shares, however, makes rather liberal allowance for future and stock seems high enough.

Pressed Steel Car, Common

62	..	..	0.51	nil

Company has been seriously affected, in respect to earning power, by depression in railroad equipment industry. Record irregular. Though outlook is somewhat more encouraging, current price of stock sets rather liberal estimate upon more immediate prospects.

Remington Typewriter Co., Common

108	..	..	14	12.9

Manufacturer and distributer of typewriters and typewriter supplies with extensive export business. Impressive improvement in earning power since deflation period and probability of dividends seem sufficiently discounted.

Savage Arms Corp., Common

84	4	4.8	5.85	6.9

Market price of shares does not seem to bear justifiable ratio to past or indicated near future earning power. Possibility that stock may be carried higher by speculative influences, but a rather risky investment holding until earning capacity is more clearly defined.

†Estimated. n—First nine months.

Stocks to Switch Into

Recent Price	Annual Dividend	Yield %	Earned $ per Share 1925	Earned % on Market Price

Illinois Central, Common

116	7	6.0	†12.65	10.9

One of oldest and strongest of American railroads. Serves rich agricultural territory in Mississippi Valley and coal fields in Illinois. Has always operated successfully and enjoys impressive dividend record, unbroken since 1860. Should eventually yield shareholders a higher return.

International Match Corp., Participating Preferred

60	3.2	5.4	†9.0	15.0

Holding company with far flung interests in the match industry. Company has record of marked expansion in both gross and net revenues. Preferred stock is non-callable and entitled to cumulative dividends at rate of $2.60 a share. Directors may also pay extras and, in any event, shares participate equally with common after $2.60 dividend on latter. Attractive speculative possibilities.

International Telephone & Telegraph, Common

119	6.0	5.3	13.17	11.1

Steadily extending sphere of activities in foreign telephone field and promises to become the "American Telephone" of the international telephone industry. Record thus far augurs well for continued success in future. Good long pull commitment.

Kennecott Copper Corporation, Common

54	4.0	7.4	6	9.4

Conservatively capitalized, low cost copper producer in exceptionally strong financial position. Has strong and aggressive management and promises to become dominant factor in copper producing industry. Owns large ore reserves. Funded debt retired in November, 1924. Affords generous yield and has promising long pull prospects.

P. Lorillard Company, Common

40	3.0	7.5	3.77	9.4

Off-shoot of original American Tobacco Co. whose earnings in recent years have not held up to the general average, but are now again on the up-grade. Improvement in cigar industry a material factor in betterment. Attractive on basis of yield and future prospects.

Mack Trucks, Inc., Common

124	6.0	4.8	†14.0	11.3

Has made rapid strides in past few years, reaching exceptionally strong position in the truck and bus industry. Indications point to further expansion in this field with resultant benefit to this company. Dividend policy conservative. Could pay more.

Magma Copper Company, Common

40	3.0	7.5	†4.5	11.2

Has completed major development stage, and while dividends will probably remain unchanged due to further expenditures for improvements, etc., shares have merit for long pull. Relatively low-cost producer with valuable properties.

Marland Oil Co., Common

56	4.0	7.1	8.38	15.0

Strong "independent," occupying strategic position in Mid-Continent oil industry. No Preferred stock and no bank loans. Ratio current assets to current liabilities more than 9 to 1. Substantial stock ownership of J. P. Morgan & Co. gives company strong sponsorship.

Mid-Continent Petroleum Corp., Common

32	..	..	e9.37	29.2

Successor to Cosden & Co., whose assets and liabilities this company assumed in February, 1925. This change of name was accompanied by financing that has justified expectations. Company now occupies very strong financial position and earnings outlook justifies expectation of dividends in not distant future.

Missouri-Kansas-Texas R.R., Preferred

91	5	5.5	†25.2	27.6

Southwestern carrier, which has shown marked improvement in earning power in recent years. Dividends on preferred shares become cumulative after Jan. 1, 1928. While the full 7% rate could be maintained out of current earnings, a compromise rate seems more likely with full payment after dividends become cumulative. Attractive for long pull.

Missouri Pacific Railroad, Preferred

81	..	..	10.7	13.2

Expansion policy reflected in acquisition of Texas Pacific, New Orleans, Texas & Mexico, and indirectly, International Great Northern, together with interest in smaller roads. Benefits of expansion should ultimately be shown in earnings. Preferred now carries 38¼% dividend accumulations. Inauguration of payments seems merely question of time.

Montgomery Ward & Co., Inc., Common

71	..	..	8.05	11.3

Ranks as second largest and is the oldest mail order house in America. Sales and net profits showing consistent gains, foreshadowing dividends for common shares in due course. No funded debt and preferred stock likely to be retired eventually, leaving only Class A shares prior to common.

National Supply Company, Common

63	3	4.8	†8.0	12.7

Large and one of most important factors engaged in oil equipment industry. Exceptionally strong in working capital and thus in position to pass increased earnings along to common shareholders in period of good business. Present indications point to such a possibility.

† Estimated. e Eleven months ended Nov. 30.

Stocks from Which to Switch

Recent Price	Annual Dividend	Yield %	Earned $ per Share 1925	Earned % on Market Price

Sears Roebuck & Co., Common

202	6	3.0	20.87	10.3

Present price of largest mail order company's shares reflects recovery in earning power and financial status since 1921 to an extent which leaves stock with limited attractiveness at present. Being split four for one with new stock to receive $2.5 annual dividend.

Shattuck (Frank G.) Co., Common

57	2	3.5	4.03	7.1

Despite recession in stock from peak levels, current price appears to place over-generous appraisal upon possibilities for future expansion of this restaurant and confectionery chain store enterprise. Out of line with earnings and income return.

Superior Steel, Common

23	..	..	1.22	5.3

Wide variation in annual earnings reflects company's lack of diversification of manufactures. Produces hot and cold strip steel. Dividends passed early in 1925. Prospect for early resumption dubious.

The Symington Co., Class A

20	2	10.0	2.42	12.1

Manufacturer of sundry railroad accessories and equipment. Earnings last year below four year average of predecessor company. Variable nature of business and lack of seasoning of stock make issue an uncertain speculation. Some risk in holding.

United Cigar Stores Co., Common

98	‡2	2.0	5.94	6.1

Company has well developed earning power and business has marked depression proof characteristics. Income shows tendency toward normal growth. Rise in shares has considerably outdistanced the growth in revenues, however, and stock cannot be considered attractive at these levels.

Universal Pipe and Radiator Co., Common

21	..	..	nil	nil

Holding company, successor to business of Iron Products Corp. and Central Foundry Co. Subsidiaries manufacture heating boilers, radiators, pipe fittings, etc. Earning power irregular and not very definitely established. Position speculative and dividends seem unlikely.

Utah Copper Co., Common

98	5.0	5.1	7.59	7.7

Largest of porphyry copper companies. Long and successful record due to low production costs. Floating supply of stock reduced as result of acquisition by Kennecott Copper, which controls approximately 90% of amount outstanding. No longer attractive due to low yield.

Vanadium Corporation, Common

31	2.0	6.5	4.05	13.1

While company controls largest and richest deposits of vanadium ore, capitalization appears rather generous. Earnings are subject to material variation and likely to suffer in event of possible recession in automobile production from present high level.

Virginia Iron, Coal & Coke, Common

45	..	..	0.94	nil

Operates coal and iron properties in Virginia and Kentucky. While financial condition is sound, earnings since 1920 have not been especially good. Deficit of $303,380 after preferred dividends was shown in 1924. Present price seems to make liberal allowance for whatever immediate improvement may be in store.

Ward Baking Corporation, Class B

64	..	..	2.18	3.4

Shares have experienced speculative exploitation on basis of merger reports and anticipated expansion. Seems generously capitalized on basis of earning power thus far developed and considerable speculative risk attends commitment in stock.

West Penn Company, Common

125	4	3.2	t5.16	4.1

Important holding company, subsidiary of American Water Works & Electric. Has good prospects for gradual growth over long term but stock cannot be considered attractive at prevailing prices. Market value has outrun prospective improvement in earning power.

Woolworth (F. W.) Co., Common

187	*5	2.7	9.44	5.0

Leading five- and ten-cent store chain whose success seems sufficiently reflected in present price of common stock. Could continue to pay extras, in addition to regular $4 dividend, but buyer at these prices must be content with low yield.

*Including extras.
t—Ten months ended October 31, 1925. ‡Also 5% in stock.

Stocks to Switch Into

Recent Price	Annual Dividend	Yield %	Earned $ per Share 1925	Yield % on Market Price

New York Central Railroad, Common

125	7	5.6	12.69	10.1

One of leading eastern trunk lines serving populous and rich industrial territory. Has large equity in undistributed earnings of prosperous subsidiary companies. Steady improvement in revenues indicates possibility of larger dividends eventually.

Northern Pacific Railway Co., Common

72	5	6.9	†7.4	10.0

Road has suffered from difficulties common to northwestern carriers in recent years, but gross again shows an upward tendency. Increasing operating efficiency reflected in lower ratio of expenses to gross revenues. Dividend appears well secured and prospects point to further recovery.

Oil Well Supply Company, Common

32	2	6.3	†4.0	13.8

One of leading factors in business of supplying tools and equipment to oil companies. Earnings subject to variation in conformity with conditions surrounding petroleum business. Present conditions favorable to expansion. This situation, in conjunction with company's strong working capital position, indicates possibility for increased dividend.

Pennsylvania Railroad Co., Common

53	3	5.7	†5.6	10.6

Important eastern trunk line system having high traffic density and well developed earning capacity. Common stock has uninterrupted dividend record extending back to 1856. Shares on a semi-investment footing. Probability of increase in dividend rate to $3.50 a share.

Philadelphia Company, Common

64	4	6.3	†6.8	10.6

Public utility holding company controlling extensive properties engaged in supplying practically every form of utility service to a large industrial area. Gross and net revenues constantly growing. Sound common stock which should return more generous yield in future.

Phillips Petroleum Co., Common

46	3	6.5	6.46	14.1

Principally producer of crude oil and gasoline. Large acreage in Kansas and Oklahoma. Financial status considerably strengthened in past year with funded debt and notes payable reduced to small proportions. Stands to benefit from higher oil prices and in position to pay more liberal dividend.

Public Service Corp. of New Jersey, Common

79	5	6.3	6.20	6.8

Holding company controlling number of public utilities serving important industrial and residential districts in Northern New Jersey. Growing company with promising future. No early change in dividend policy anticipated, but sound issue with good possibilities for patient holder.

Reading Company, Common

83	4	4.8	†9.8	11.8

Principally a good road, approximately one-third of freight tonnage being bituminous and one-fifth anthracite. Per share earnings indicate ability to sustain larger dividend, but greater possibilities are based upon merger prospects, in which respect road occupies strategic position.

Reid Ice Cream Corp., Common

52	3	5.8	7.37	14.2

Manufactures and distributes ice cream and related confections and bottled milk. Operates in the densely populated metropolitan area. Earnings relatively stable and show tendency toward steady expansion. Dividends being earned by wide margin. Should eventually pay more.

Standard Oil of New Jersey, Common

42	1	2.4	5	11.9

Parent company of the former Standard Oil Trust. Still holds dominant position in its industry. Company has experienced tremendous growth and is still expanding. Stock in strong position and should prove responsive to encouraging outlook for the industry.

Southern Pacific Company, Common

99	6	6.1	†10.2	10.3

Southern transcontinental road whose margin of earnings over dividend requirements in past four years indicates shares are in line for higher rate.

Union Pacific Railroad Co., Common

145	10	6.9	†15.2	10.5

An investment rail selling out of line. Traffic well diversified and road operated with marked efficiency. Has investments in subsidiary companies and securities of other roads, the income from which covers a major percentage of the company's own fixed charges.

U. S. Smelting, Refining & Mining Co., Common

45	3.5	7.3	6.45	14.0

Silver, lead and zinc producer which also mines quantities of gold, copper and coal. Sharp gain in earnings last year due to increased output and higher prices in zinc and lead markets, resulting in larger income in United States with practically stable earnings in Mexico. Attractive speculation.

†Estimated.

What Will Motor Shares Do in 1926?

Present Position and Outlook for the Industry and the Leading Companies Whose Shares Are Listed on N. Y. Stock Exchange

IT seems to be common opinion among automobile producers that the first half of 1926 will witness a record breaking demand for passenger cars, but that the outlook for the second half year is regarded as more or less uncertain. Production for the first two months was 679,612 vehicles, against 528,275 a year ago. While sales were ahead of 1925 there appears to have been some accumulation of dealers' stocks. Last year the policy was to supply cars to dealers only as fast as actual deliveries could be made, but lately there has been a tendency to make shipments ahead of sales in preparation of a good spring business. Perhaps production policies are less cautious.

Owing to several last minute changes, we have been compelled to postpone publication of the final set of our analyses of New Stock Listings. This will definitely appear in the April 10 number.

That Saturation Point

Demand for cars depends on general business conditions. Last year was an excellent period for manufacturers because industrial and agricultural conditions were quite uniformly favorable. Cotton and grain prices, however, are not as satisfactory as a year ago, and those who follow trade trends are a little less confident concerning the industrial outlook. On the other hand, indications point to a continued increase in passenger car exports, which last year approached 500,000 vehicles.

There are now about 17,400,000 cars registered, against around 26,000,000 families in the United States. Opinions differ as much as ever as to the saturation point, but replacements and exports have increased to a point where it is unnecessary to develop as many new buyers each year as formerly. Last year 3,817,639 cars were produced. Of these, according to the increase in registrations, 1,719,729 went to new buyers, or only about 45% of total output.

Many Ford owners in recent years have been changing to higher priced cars. Ford has introduced the automobile to millions who subsequently have purchased cars produced by the publicly owned companies with securities listed on the New York Stock Exchange. The time may not be far distant when makers of higher priced cars will do a larger percentage of the whole business. Every American likes to feel that he is improving his economic position, and to graduate from a Ford to a Studebaker or a Buick gives a sense of satisfaction and accomplishment. The Ford is supreme in its field, but it is constantly developing new customers for General Motors, Studebaker, Chrysler, Overland, Jewett, Dodge, Hudson and other makers in the medium priced field. This is one of the most hopeful things in the outlook for the motor issues.

Automobile salesmen always have practiced high pressure methods. Recently trading in old cars for new ones has been carried to a point where there is an awkward and perhaps more than seasonal surplus of used cars. Consequently, on a dollar for dollar basis, used cars at present are relatively cheaper than new ones. This means increasing competition for new cars. Moreover, the installment method of buying, which has been exploited to a point where at least one executive estimates that about 90% of the automobiles are bought "on time," steadily is increasing in popularity. In good times losses are negligible, but what might happen should unemployment become widespread for a period of months? The used car problem might become even more serious than at present.

Good Investment Record

Competition in automobile sales always has been acute, but recently has been increasing in intensity. In order to stimulate sales the leading makers may cut prices to figures which reduce the margin of profit. They are helped, of course, by recent cuts in tire prices and by reductions in the price of steel, especially sheets; but as sales resistance rises large cash balances may tempt more attractive retail financing terms and suggest maintaining volume at the expense per car profits.

Large Cash Holdings

No one can study the leading automobile producing companies without enthusing over their past accomplishments. They have financed themselves largely from earnings, paid liberal divi-

The Leading Stock

	Capital Charges Ahead of Common	Shares Common	Earned Per Share 1924	Earned Per Share 1925	Annual Dividend
Chandler-Cleveland, pfd.	(n)	(m) 350,000	$4.08	(o)$7.06	$4.00
Chrysler	$1,904,400	2,720,000	0.89	5.67	3.00
Dodge Brothers	9,419,100	(d)2,434,564	(f) 4.33	6.59	None
General Motors	7,641,152	5,161,599	(h) 8.59	(h)21.00	(i)7.00
Hudson	None	1,330,150	(j) 6.11	(j)16.07	3.00
Hupp	None	913,809	1.76	3.19	1.00
Jordan	64,477	126,000	(a) 6.30	(a) 7.00	3.00
Moon	None	180,000	3.11	(e) 7.00	3.00
Nash	None	2,730,000	(j) 3.39	(j) 5.91	2.00
Packard	None	2,614,722	(p) 1.54	(p) 4.84	(i)2.00
Paige-Detroit	218,706	676,474	2.37	3.39	1.80
Pierce-Arrow, pfd.	(l)336,000	(m) 100,000	(m)6.25	(m)15.46	None
Studebaker	548,950	1,875,000	7.03	8.55	(i)5.00
Willys-Overland	(e)1,815,000	2,527,033	.24	(e) 5.00	None

NOTES: • Not available. (a) Before taxes. (b) Unofficial. (c) Price one quarter share old Maxwell B. (d) Combined class A and class B common. (e) Partly estimated (f) Before taxes on basis present capitalization. (g) Sales. (h) Including undivided earnings of subsidiaries. (i) Also

dends, and their shares regularly have enhanced in value. Among the larger companies there have been no receiverships, and the industry has grown faster and more consistently than almost any other. Every prophet of disaster, and there have been many of them, has seen his gloomy forebodings melted away by the sunshine of progress. At present the leading companies probably have cash holdings of around $210,000,000, against $93,000,000 at the end of 1924, even without including Ford; and their aggregate bank loans may not be as much as $25,000,000. The industry is able to cope with such a depression as it never before has experienced, and to do so with perhaps few dividend fatalities.

The automobile outlook may be uncertain, but it is hopeful; and if executives follow conservative policies stockholders of the better companies should continue to fare well. The present may not be an opportune time to buy motor stocks except for trading purposes, but there are many good things to be said about them.

CHANDLER-CLEVELAND This company, which is a recent consolidation of Chandler Motor Car and Cleveland Automobile, has a daily capacity of 300 cars about equally divided between Chandlers and Clevelands, serving a price field ranging between roughly $950 and $2,000. The predecessor companies were not large producers, and net earnings have not increased very rapidly. Both Chandler and Cleveland cars seem to give good satisfaction. (In the March 13 issue, this company was incorrectly referred to as an "assembly proposition." The facts are that the company manufactures most of its parts and is rated in the industry as a manufacturer.)

On the basis of eventual capitalization, 350,000 shares of $4 non-cumulative convertible preference stock and 280,000 shares of common, the combined earnings of the predecessor companies have been as follows:

	Preference	Common
1922	$5.31	$1.64
1923	9.16	6.45
1924	4.08	0.10
1925 (11 months)	7.06	3.82

On November 30, 1925, the consolidated balance sheet showed 3 million cash against 4.5 million inventories and 4.5 current liabilities. The consolidated company is much stronger than either company standing alone, but the dividend on the preference shares would look much more certain if financial position were stronger. *Obviously, the common is in an entirely speculative position and its possibilities are of a long pull nature.*

CHRYSLER CORPORATION The Chrysler car is only about a year old, yet it seems to be one of the most ubiquitous models on the road. Owners like it because of its snappy appearance and quick performance. It has been a tremendous "hit." Ever since Walter P. Chrysler took over the management of the old Maxwell organization he has been building soundly for the future. A twenty-five fold increase in the market value of the common stock represented a transformation in values unique in automobile history, not merely a stock market movement. The Chrysler is here to stay, and as time goes on this is more and more self-evident.

The annual report shows net profits after dividends on the 8% preferred equal to $5.67 a share on the common last year, and 1926 earnings should be even larger. At the end of September cash and equivalents totaled 30.4 millions against 11.5 inventories and 14.5 current liabilities. The conservativism of the directors, and their determination to build on a firm foundation, has delayed dividends; but a $3 annual rate on the common now has been established. Chrysler now is one of the few companies which serves a field from $995 to $3,000, and all the models in this range are of fairly similar appearance.

The preferred stock offers a liberal dividend yield, but there is at least a possibility that it may be called for retirement at 115 and this detracts somewhat from its attractiveness as a permanent motor investment. *Because Chrysler seems sure to survive almost any kind of a motor depression, the common, offering a 7.1% return, may be regarded as one of the better motor speculations. On reactions it should prove a profitable commitment.*

DODGE BROTHERS, INC. Together, with Ford and Chevrolet, Dodge is one of the leaders in the four-cylinder field. The Dodge is built for stability; engineering policies are sound and conservative. Recently, selling policies have become more aggressive, and in spite of the increasing competition from low priced six-cylinder models, Dodge sales are increasing. Acquisition of the Graham Brothers truck business is adding materially to earning power.

The capitalization of the new Dodge Brothers, Inc., must be regarded as liberal; but earning power last year, and in previous normal years, has indicated ability to cover bond interest and preferred dividends and return a good balance for the common. At the end of last year, when $6.59 a share was earned on the common stock on the basis of the present capitalization, cash and equivalents were 27.1 millions against 17.1 inventories and 16.2 current liabilities. Obviously, the company is in position to pay dividends on the class "A" and class "B" common shares, and there is incentive to do this in a good stock market so as to encourage conversion of the bonds into class "A" stock.

The 6% bonds, although not as well secured by assets as some issues, are well protected by dependable earning power and have an attractive speculative feature in their conversion privilege. The $7 preference stock would seem entitled to sell higher, for the dividend was earned last year by a mar-

Exchange Motor Shares

Recent Price	Approx. Yield %	1924-1926 Range High	Low	Cars Produced 1924	1925	
41	9.9	45¼	39½	*	*	Chandler-Cleveland, pfd.
42	7.1	63¼	(c)2½	82,115	(b)137,000	Chrysler
36	None	48¾	21¾	222,236	255,322	Dodge Brothers
127	5.5	149¾	55¼	(g)587,341	(g)835,902	General Motors
110	2.7	139½	20½	128,664	(e)267,500	Hudson
23	4.3	31	11⅛	(g)31,004	*	Hupp
53	5.7	66	21¾	(e)10,000	*	Jordan
33	9.1	42	17½	(b)12,625	(e)17,700	Moon
59	3.4	66	9⅝	53,000	93,000	Nash
37	5.4	48½	9⅞	(g)16,153	(g)24,246	Packard
22	8.2	33	12½	(g)34,540	(g)39,114	Paige-Detroit
91	None	108⅞	18⅛	(k)4,626	(k)(e)7,500	Pierce-Arrow, pfd.
57	8.8	68⅝	30½	(g)110,240	(g)135,000	Studebaker
27	None	34⅞	6⅞	162,988	(e)220,000	Willys-Overland

extras. (j) Year ended November 30. (k) Includes trucks. (l) Charges ahead preferred. (m) Preferred. (n) No charges ahead of preference stock. (o) 11 months ended Nov. 30, 1925. (p) Year ended August 31.

gin of 15.8 millions. The common stock, of course, represents capitalization of earning power rather than assets, and is bound to fluctuate widely in the market. *On a sizeable reaction from these levels it should prove a profitable purchase.*

HUDSON MOTOR CAR Whether there is any Ford influence in the management of Hudson is a matter regarding which opinions differ, but Hudson certainly seems to have adopted Ford production methods more intensively than most of the other companies. Few models, mass production, efficient selling, highly competitive price lists and a big cash surplus all cut a figure in Hudson policies. The company's Essex six, one of the largest selling closed models, is only a short step above the Ford and Chevrolet price class, while the Hudson occupies a low medium priced sales area.

The company's progress in recent years is graphically pictured as follows:

	Cars Produced	Earned per Share	Cash, Securities and Sight Drafts in Millions
1921	25,415	$3.68	$1.8
1922	61,233	6.03	9.6
1923	88,961	6.67	9.4
1924	128,664	6.11	14.9
1925	267,500	16.07	27.7

This little table explains why the common stock has sold as high as 139½ recently against a low of 19⅛ in 1923 and as little as 20½ as recently as 1924. Obviously, the directors are able to increase the $3 dividend rate any time, but the management is planning much greater things for the future and is likely to be highly conservative. For the present, however, Hudson shareholders will probably have to be content with receiving a smaller dividend than warranted by earnings.

The earnings report for the quarter ended February was disappointing showing only $2.06 a share against $2.90 for the same period last year. Showing in the present quarter, however, should be better due to seasonal increase in business. Nevertheless, it now appears that earnings for the year will probably not nearly equal last year's, which explains the recent weakness in the stock. *On a sizeable reaction from the present price of below par, Hudson would be selling at a price more warranted than the present by the change in conditions.*

GENERAL MOTORS General Motors is the largest of the publicly owned companies, and, because of the wide field it covers, probably the most representative. The company's Chevrolet, Pontiac, Oldsmobile, Oakland, Buick and Cadillac line provides, as the literature says, "A car for every purse and purpose." Through control of Fisher Body, General Motors Acceptance, Yellow Truck & Coach, A-C Spark Plug, Delco-Light, Harrison Radiator, Hyatt Bearings, New Departure Manufacturing, Remy Electric and other companies productive facilities are integrated in a manner similar to the integration of the U. S. Steel Corporation. As the Steel Corporation's earnings always are a good measure of the prosperity of the country's steel business, so the earnings of General Motors, because of its wide ramifications and the splendid diversification of risk, always should be a good measure, the prosperity of the motor industry.

Last year, producing and selling 835,902 cars, of which 208,575 were Buicks and 466,485 were Chevrolets, net earnings after preferred dividends were $19.15 a share, and, including extras, $12 a share was declared in cash dividends. Including the company's portion in the undistributed earnings of partially owned subsidiaries net profits were $21 a share. The dividend rate recently has been raised to $7 a share on the common, but there is every reason to expect generous extras in addition to the regular distribution. At the end of last year, according to the balance sheet, cash and equivalents totaled 153.3 millions against 112 million inventories and 109 million current liabilities.

No one can be bullish on the motor industry without being bullish on General Motors. This company is in better shape to withstand a depression than almost any other, and is able to pay out as large a percentage of net earnings in cash dividends as any. In the past the directors have shown that they know how to be liberal.

The 7% preferred stock would seem entitled to an investment rating as it is preceded by no funded debt, supported by cash enough to cover its par value, and earned its dividend last year more than 14 times over. *The common, although speculative, is less speculative than almost any other motor company common stock.*

JORDAN MOTOR CAR Jordan occupies a field between the Buick and the Packard. The company's old six-cylinder field has been abandoned, and now it concentrates in eights. One of the Jordan models is about the lowest priced eight on the market. The head of the company, Edward S. Jordan, is regarded as an unusually keen sales promotion man. Although most of the parts of the Jordan car are made especially for the company, the factory is more of an assembly plant than a direct producer.

The annual report for 1925 has not been published as this is written, but it has been stated officially that profits last year were well in excess of the net of $6.30 a share on the common before taxes and adjustments. In January, 1926, Jordan produced 1,711 cars against 280 in January, 1925. February production was around 1,300 cars against 377 in February, 1925.

If the $3 dividend now being paid is increased, the advance probably will not be a large one. The current price of the stock, around 55, apparently reflects a strong technical market position fully as much as earning power or dividend prospects. The risk involved in purchasing Jordan common at this time would seem fairly large.

HUPP MOTOR CAR Like the Hupmobile, Hupp Motor Car Company is substantially built. It has a moderate capitalization, 913,809 shares of $10 par value, maintains a strong cash position and avoids excesses. The new six-cylinder model, introduced last summer, has been an excellent seller. Unfilled orders March 1, 1926, were $2,200,000. In the first two months 8,385 cars were produced.

The preliminary income account for 1926 shows net earnings of $3.19 a share against $1.76 in 1924 and $3.97 in 1923. On September 30 cash holdings were 4 millions against 5.9 inventories and 4.1 current liabilities. The company could increase its dividend rate on the common stock, but probably any revision in the present $1 per annum distribution will be conservative. Hupp is one of the strongest of the smaller companies and probably would be able to survive a poor period for the industry with as little discomfort as any smaller organizations. *At around 23, however, the stock seem high enough.*

NASH MOTORS Nash has been the shining example of a good motor investment. The company was financed in 1916 through the sale of preferred stock with a 25% bonus of common. The preferred was retired in 1922 at 110 in which year the common was split up into three new 7% preferred and 5% new common. Recently, the new preferred issue has been retired at 105 and the new common has paid a 900% stock dividend. The common stock, ex-stock dividend, now is selling at around 59. Thus an original holder of one share of preferred and one-quarter share of common has received $188.75 in cash through the retirement of preferred issues and now owns 12½ shares of common stock worth about $737. While the value of the principal has been appreciating holders have received cash dividends.

Although very little net was derived last year from the new Ajax line, introduced in May, 1925, Nash earned $5.91 a share on the 2,730,000 shares of common which constitute its only capitalization. Even allowing for some recession in the demand for cars in the second half year, in 1926, with the Ajax on a paying basis, profits should be somewhat larger. At the end of November, after giving effect to the retirement of the preferred, cash and government securities were 23.9 millions against 7.5 inventories and 12.1 current liabilities.

The management has announced its intention to place the new common on a $2 annual dividend basis. Apparently, the stock is selling to reflect an earning power of $6 a share or more rather than on the basis of prospective dividend return. Many people seem to have been buying it on the theory that the company's growth will lead to fur-

ther liberal stock dividends in future years. *In the writer's opinion, Nash is one of the strongest motor investments, but it is selling rather higher than some of the other issues, on the basis of earnings and dividend, at present.*

MOON MOTOR CAR Moon Motor Car is one of the more successful companies, producing both the Moon and the Diana. Although both cars come in the assembled classification, the parts which go into them are made largely according to original specifications, and the products do not lack individuality either in detail or design. Moon plans to produce 25,000 units in 1926, an increase of about 41% over 1925. Output has increased from less than 2,000 in 1921.

At this writing the annual report has not been published. Earnings last year, however, were probably not far from $7 a share, or more than double the $3 dividend rate, compared with $3.11 in 1924, $5.65 in 1923 and $5.01 in 1922. The company's only capitalization is 180,000 shares of no par value. At the end of June, 1925, cash holdings were $461,000 against $1,141,000 inventories and $640,000 current liabilities. On December 31, working capital position probably was much better.

Moon is in position to pay an extra dividend this year, and in the past the directors usually have been generous with shareholders. *The stock, as the price around 33 indicates, is a more speculative motor issue for the competitive position of the company is less firmly established than that of some of the others.*

PACKARD MOTOR CAR The advance in Packard from a low of 9⅞ in 1924 to a high of 48½ in November, 1925, reflected the remarkable increase in the company's earnings which followed the company's entrance into quantity production through a radical downward revision in prices. The 2,614,722 shares which now constitute the only capitalization recently have been earning at the annual rate of about $7 a share compared with $4.84 a share after dividends on the then outstanding preferred stock in the year ended August 31, 1925, and $1.54 a share in 1924. The stock pays regular quarterly cash dividends at the annual rate of $2 a share and from time to time the directors declare stock dividends and extra cash distributions. At the end of August cash and securities totaled 15.4 millions against 9 million inventories and 8.6 million total liabilities.

At the recent price of 37 the stock offers a dividend return of 5.4% without allowing for extras which reasonably may be expected. The company is one of those stronger motor organizations and constantly is improving its position. In addition to the passenger automobile business Packard does a good truck business and enjoys an increasing amount of aeroplane motor trade. *While among the sounder motor*

(*Please turn to page* 1044)

Preferred Stocks

THERE was no change in the general prices for preferred stocks, although the general stock market was extremely weak in the past two weeks, during which time, was witnessed one of the most drastic of declines in the stock market for so short a space of time. However, the sound position of the good preferred shares and the attractive return which is yet obtainable therefrom in view of the low rate ruling for money and the much smaller returns obtainable from bonds, resulted in a total absence of liquidation of the sound preferred issues and whenever there were sales, there were buyers at ruling levels. Famous Players-Lasky Corp. preferred was a conspicuously strong feature moving up three points. Market action during the days of recession in common stocks, to us, confirms our views expressed in these columns that the preferred stock market offers very attractive opportunities for investors and is deserving of its consideration.

Preferred Stock Guide

(LISTED IN ORDER OF PREFERENCE)

These Stocks Are Selected as Offering Best Opportunities in Their Respective Classes, Taking Into Consideration Assets, Earnings and Financial Condition of the Companies Named.

SOUND INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Dividend Earned
INDUSTRIALS:				
General Motors Corp....................(c)....	7	115	6.1	(y) 13.90
Cluett-Peabody & Co.....................(c)....	7	110	6.4	3.7
Loose-Wiles Biscuit Co., 1st..............(c)....	7	115	6.1	3.3
Studebaker Corporation ....(c)....	7	115	6.1	25.04
Schulte Retail Stores Corp...............(c)....	8	117	6.8	(w) 10.00
Gimbel Brothers, Inc.....................(c)....	7	109	6.4	3.3
Baldwin Locomotive Works ....(c)....	7	108	6.5	2.6
Endicott-Johnson Corp. ....(c)....	7	116	6.0	4.8
American Smelting & Ref. Co..........(c)....	7	114	6.1	2.4
American Steel Foundries ....(c)....	7	113	6.2	6.6
U. S. Industrial Alcohol Co..............(c)....	7	101	6.9	5.2
Associated Dry Goods Co., 1st...........(c)....	6	100	6.0	3.9
Famous Players-Lasky Corp. ....(c)....	8	123	6.5	(y) 6.5
PUBLIC UTILITIES:				
North American Co. ....(c)....	3	50	6.0	6.1
Philadelphia Company ....(c)....	3	50	6.0	5.6
RAILROADS:				
Chicago & Northwestern ....(c)....	7	120	5.8	....
New York, Chicago & St. Louis.........(c)...	6	97	6.2	(y) 3.7
Chesapeake & Ohio conv................(c)....	6.50	131	4.9	9.0

MIDDLE GRADE INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Dividend Earned
INDUSTRIALS:				
Bush Terminal Buildings Co.............(c)....	7	101	6.9	1.1
Brown Shoe Co..........................(c)....	7	110	6.4	3.9
Cuban-American Sugar Co..............(c)....	7	100	7.0	7.5
Armour & Co. of Del.....................(c)....	7	97	7.2	(w) 2.3
Allis-Chalmers Mfg. Co..................(c)....	7	108	6.5	2.3
Genl. American Tank Car Co............(c)....	7	101	6.9	4.0
PUBLIC UTILITIES:				
Radio Corp. of America A pfd..........(c)....	3.50	45	7.7	(x) 3.4
Amer. W. Wks. & Elec. Corp. 1st.......(c)....	7	102	6.9	2.8
Public Service of N. J...................(c)....	8	116	6.9	3.4
RAILROADS:				
Baltimore & Ohio......................(n-c)....	4	69	5.8	(y) 4.75
Bangor & Aroostook ....(c)....	7	100	7.0	2.5
Colorado & Southern 1st pfd...........(n-c)....	4	62	6.5	7.5

SEMI-SPECULATIVE INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Dividend Earned
INDUSTRIALS:				
Pure Oil Co. conv. pfd...................(c)....	8	109	7.3	4.2
American Beet Sugar Co.................(c)....	7	80	8.8	1.5
National Department Stores............(c)....	7	95	7.4	4.0
Austin, Nichols & Co............................	7	89	7.9	1.8
Worthington Pump & Mfg. "A".........(c)....	7	75	9.3	2.0
Orpheum Circuit ....(c)....	8	102	7.8	2.59
International Paper Co..................(c)....	7	95	7.4	1.75
Dodge Bros., Inc.........................(c)....	7	86	8.1	....
Consolidated Cigar Corp.................(c)....	7	102	6.9	2.47
American Cyanamid Co..................(c)....	6	93	6.5	(x) 4.0
Warren Bros. Co. 2d Pfd.................(c)....	3.50	46	7.6	(x) 15.0
PUBLIC UTILITIES:				
American & Foreign Power Corp.........(c)....	7	93	7.5	(x) 3.6
Hudson & Manhattan Ry..............(n-c	5	73	6.9	(x) 3.6

SPECULATIVE INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Dividend Earned
RAILROADS:				
Chicago, Rock Island & Pac........(5-7%)....	7	98	7.2	(*y) 1.56
Gulf, Mobile & Northern.................(c)....	6	101	5.9	(x) 1.3
Western Pacific ....(c)....	6	81	7.4	(x) 1.0

(c) Cumulative. (n-c) Non-Cumulative.
(w) Average for last two years.
(x) Average for last three years.
(y) Average for last four years.
† Average number times earned last five years.
* Including 6% Pfd.

Bethlehem Steel Corporation

Nearing End of Trial Period

Construction Program Near Completion—Opportunities in Securities of Largest Independent Steel Company

BETHLEHEM STEEL is nearing the end of its period of trial. Some three or more years ago, the company set out upon an ambitious program. First, it absorbed the properties of the Lackawanna Steel Co., and not quite a year later acquired the Midvale and Cambria steel companies. With these conquests, Bethlehem was able to increase its annual steel ingot capacity from approximately 3 million tons to about 7.6 millions.

While Bethlehem thus rose to rank as the largest independent steel producer, its ascendency was not accomplished without sacrifice. The financing made necessary by these consolidations entailed a material increase in the company's bonded indebtedness. At the same time, as the business of renovating the acquired properties proceeded, it was found that original estimates of the amount necessary to completely revitalize and coordinate the Midvale and Lackawanna plants would be materially exceeded.

Approximately 80 millions of dollars have been expended on improvements and necessary additions during the past three years or so. The benefits which might have been expected from this outlay of capital could not be immediately realized, however.

Operating costs have been disproportionately large due to the condition of the plants inherited from the merger. The necessity for bringing these to a state of high efficiency and abreast of modern steel mill practice prevented the company from employing all its facilities at full capacity. Finally, the reconstruction program demanded conservation of working capital.

While, therefore, Bethlehem might have been justified in maintaining common dividends on the strength of its past good record, the management acted wisely in cutting them off in October, 1924, following a marked slump in the steel industry. In that year, the company reported a balance of $2.75 a share for the common stock compared with $6.47 the year before. Last year, Bethlehem earned a balance of $5.30 a share for the common. This might not be considered an especially impressive showing, considered by itself. There are other interesting factors in the situation, however, which suggest that Bethlehem is entering a new era.

The large outlay of money on improvements has not disturbed the strong financial condition in which the company found itself at the close of the prosperous war period. In fact, Bethlehem's working capital at the end of December, 1925, was the largest in its history with the exception of 1924. Current assets last December stood at 148.87 million dollars compared with 29.83 millions.

Bonded debt had been scaled down from 237.14 millions to 226.49 millions during the past year and is gradually being reduced through sinking fund operations at the rate of 5 million dollars annually. More significant than any of these items, however, is the latest step taken by the company in arranging for new capital. Heretofore, additional funds have been raised through bond issue, but in February the company sold 35 millions of 7% non-callable, cumulative preferred stock.

One of the most important uses for this capital will be the erection of a new tubular bar mill. While the acquisition of the Midvale and Lackawanna properties gave Bethlehem a wide diversification of output, it has heretofore lacked production in tubular products. This condition will now be corrected, leaving Bethlehem a well rounded, highly integrated company.

This preferred stock financing is of special interest, therefore, as an indication that the company has practically completed its extensive construction program. The estimated expenditure on this score for 1926 is less than 14 million dollars, compared with 34.47 millions of cash devoted to improvements and additions in 1925. In other words, whatever financing may be undertaken in the future should be productive of immediate expansion in earning power. Moreover, the pressure on cash resources formerly exerted by the merger construction program should henceforth be absent.

Bethlehem's Record in Recent Years

	Int. Charges Times Earned	Earned $ per Share on 7% Preferred	Earned $ per Share on Common
1921	2.10	*$53.21	$11.51
1922	1.53	10.83	1.44
1923	2.17	33.37	6.47
1924	1.68	17.65	2.57
1925	2.97	26.34	5.30

*An old stock.

It is not anticipated that the common stock will be restored to a dividend basis in the near future. The time is evidently drawing nearer when serious consideration may be given to such a step, however. *This issue, accordingly, appears in a stronger position than at any time in the past three years.*

Fortunately, the company has no refunding problems to deal with and will not have for some time to come, inasmuch as the maturity dates of its various bonds issues are still far off. The earliest maturity of importance is represented by 14.2 millions of Marine Equipment 7% bonds, due October 1, 1935. These bonds are high-grade and afford a yield of 6.4%, but they are redeemable two points under the present market price at 104. This detracts from their desirability since there is a possibility of the issue being redeemed before maturity.

Later maturities include 12.8 millions of First Lien and Refunding 5s of 1942, which are listed on the New York Stock Exchange. *These bonds are selling around 99 to yield 5.1% which is above the average for a high-grade industrial bond. The Purchase Money and Improvement 5s of 1936, likewise listed, and selling at 95 are not quite so high-grade but are the more desirable in view of their yield of 5.6%.*

For the investor desiring sound second-grade bonds, the Bethlehem Steel Consolidated 5½s of 1953 and the 6s of 1948 selling around 92 and 98 respectively, to yield 6.2%, are attractive and seem to be selling out of line with bonds of similar grade. The Midvale Steel and Ordnance 5s of 1936, which are now guaranteed principal and interest by Bethlehem, fall in the same category. The yield obtainable in the case of the Midvale 5s, which are selling around 95, is 5.6%.

The company's 7% cumulative preferred stock is a desirable medium-grade investment issue, well protected by equities and average earning power. Holders of the 8% cumulative preferred who failed to avail themselves of the company's original offer to exchange these shares in the ratio of one for 1.15 shares of 7% preferred still have an opportunity to convert them at the rate of one share for 1.1 shares. Since the 8% issue will eventually be called in, such an exchange should be made even though the 8% shares now yield a little more than the 6.9% return afforded by the 7% preferred at 101.

Industrial *Public Utility* *Oil* *Mining*

Investors' Indicator

Current Earnings—Dividends—Working Capital

Industrials—	Dollars Earned Per Share 1924	Dollars Earned Per Share 1925	Present Div. Rate ($)	Recent Price	Yield (%)	† Ratio of Current Assets to Current Liabilities
Air Reduction	8.56	10.02	4	114	3.5	10¾ to 1
Ajax Rubber	1.56	2.01	..	11	..	4 to 1
Allis-Chalmers	8.01	8.78	6	83	7.2	‡5¾ to 1
Amer. Bosch	0.77	2.41	..	23	..	2⅓ to 1
Amer. Hide & L. Pfd.	4.28	4.59	..	48	..	2½ to 1
Amer. La France	1.71	1.59	1	14	7.1	3 to 1
Amer. Locomotive	9.80	def	¶8	101	7.9	16½ to 1
Amer. Steel Found.	5.75	*4.48	3	43	7.0	6¾ to 1
Beth. Steel	2.56	a5.30	..	42	..	5 to 1
Butterick	3.60	...	..	23	..	b2¾ to 1
Central Leather Pfd.	def	...	..	49	..	‡19½ to 1
Cluett, Peabody	6.94	8.58	5	64	7.8	15¼ to 1
Coca-Cola	10.00	14.47	7	135	5.2	12¾ to 1
Colo. Fuel & Iron	1.05	4.65	..	32	..	3 to 1
Corn Products	3.61	2.29	2	37	5.4	10¾ to 1
du Pont (E. I.)	12.45	c14.97	10	218	4.6	6¾ to 1
Endicott-Johnson	8.04	8.47	5	67	7.5	2½ to 1
Famous Players	20.08	d18.39	8	119	6.7	e3 to 1
Gen. Motors	7.37	19.15	7	127	5.5	2⅔ to 1
Goodrich, B. F.	10.57	17.33	4	62	6.5	3½ to 1
Goodyear Tire & Rubber	7.76	9.44	..	36	..	6⅓ to 1
Gulf States Steel	7.48	f7.19	5	75	6.7	5⅔ to 1
Hayes Wheel	3.16	8.02	¶3	42	7.1	5½ to 1
Hudson Motor	t6.11	t16.07	3	110	2.7	‡‡2⅔ to 1
Lee Rubber & Tire	def	1.39	..	11	..	1¾ to 1
Mack Truck	17.95	g13.92	7	102	5.7	8¼ to 1
Otis Elevator	11.69	...	6	116	5.2	‡7¾ to 1
Owens Bottle	4.72	...	¶3	61	4.9	‡7⅔ to 1
Pierce-Arrow Pfd.	6.25	15.46	..	96	..	5¾ to 1
Postum Cereal	9.44	h5.72	4.40	83	5.3	4¾ to 1
Remington Type.	9.34	a16.00	..	102	..	‡6⅔ to 1
Republic I. & Steel	0.55	6.88	..	55	..	5¼ to 1
Sloss-Sheffield	10.47	i14.00	6	112	5.4	‡1¼ to 1
Spicer Manf.	2.32	5.04	..	24	..	2¾ to 1
Stewart Warner	7.37	12.57	6	84	7.1	5¼ to 1
Stromberg Carb.	7.02	7.87	6	71	8.5	5¾ to 1
Studebaker	7.03	8.55	5	57	8.8	4 to 1
Timken Roller	4.83	6.73	¶3	51	5.9	7¾ to 1
United Drug	10.93	12.64	8	144	5.5	6¾ to 1
U. S. Rubber	3.87	14.91	..	72	..	5 to 1
U. S. Steel	11.76	12.82	j7	125	5.6	‡4⅓ to 1
Willys-Overland	0.23	a4.50	..	26	..	a11 to 1
Youngstown S. & T.	6.68	12.38	4	76	5.3	5 to 1

Public Utilities—	Dollars Earned Per Share 1924	Dollars Earned Per Share 1925	Present Div. Rate ($)	Recent Price	Yield (%)	† Ratio of Current Assets to Current Liabilities
Amer. Tel. & Tel.	11.31	11.79	9	146	6.2	1⅔ to 1
Brooklyn Edison	11.81	10.00	8	138	5.8	3½ to 1
Brooklyn Union	9.14	6.30	¶4	72	5.6	2¾ to 1
Columbia Gas & Elec.	4.41	5.38	2.60	78	3.3	2 to 1
Consolidated Gas	7.48	6.98	5	93	5.4	4⅓ to 1
Detroit Edison	9.97	10.67	8	128	6.3	2 to 1
Hudson & Manh.	3.33	a3.78	2½	37	6.7	‡1 to 1
Int. Tel. & Tel.	18.11	...	6	118	5.1	‡1⅔ to 1
Laclede Gas	15.35	15.38	¶8	155	5.2	1½ to 1
Montana Power	4.49	5.39	5	73	6.7	1¾ to 1
North Amer.	3.16	3.73	10% stk.	52	..	2¼ to 1
Pacific Gas & Elec.	8.83	a10.12	8	125	6.4	a1⅔ to 1
Peoples Gas	11.10	11.54	8	119	6.7	1⅓ to 1
Philadelphia Co.	5.91	...	4	62	6.5	4⅔ to 1
Pub. Serv. of N. J.	6.57	6.45	5	78	6.4	m2½ to 1
Stand. Gas & Elec.	6.61	...	3	56	5.4	n
Western Union	12.36	15.20	8	141	5.7	‡1 to 1
Oils—						
California Pete.	u2.46	u3.50	2	35	5.7	3⅔ to 1
Houston Oil	u3.93	u3.25	..	62	..	2⅔ to 1
Marland Oil	u0.22	u8.38	4	56	7.1	7¼ to 1
Mid-Continent Pete.	0.69	...	..	31	..	o10 to 1
Pacific Oil	3.40	...	3	55	5.5	‡2 to 1
Pan-Amer. B	5.67	...	6	66	9.1	‡2 to 1
Phillips Pete.	4.59	6.46	3	44	6.8	6¾ to 1
Pure Oil	p3.22	p2.83	¶1½	28	5.3	p2¾ to 1
Sinclair Consol.	def	...	..	22	..	‡2¾ to 1
Mining—						
Amer. Smelting	12.60	19.17	7	124	5.7	4⅔ to 1
Amer. Zinc Pfd.	u def	...	..	31	..	‡4 to 1
Int'l Nickel	p0.40	p1.43	2	36	5.6	q4½ to 1
Magma Copper	u2.20	...	3	41	7.3	Net current assets $2,290,000
Nevada Consol.	r0.83	r1.34	..	13	..	‡7 to 1
Ray Consol.	s0.31	s1.21	..	11	..	‡3¼ to 1
Utah Copper	5.03	7.59	5	96	5.2	‡3¾ to 1

†As of Dec. 31, 1924. ‡‡As of Nov. 30, 1925.
‡As of Dec. 31, 1924.
¶Not including extras.
*Earned on 902,745 no par shares; shares outstanding in 1924 were 722,196 (par $33⅓).
a Preliminary earnings.
b As of June 30, 1925.
c Earned on 1,330,829 $100 par shares; shares outstanding in 1924 were 950,609 (par $100).
d Earned on 275,102 no par shares; shares outstanding in 1924 were 235,931 (no par).
e Year ended Dec. 26, 1925.
f Earned on 125,000 shares; shares outstanding in 1924 were 112,140.
g Earned on 611,515 shares; shares outstanding in 1924 were 283,109.
h Earned on 800,000 shares; shares outstanding in 1924 were 400,000.
i Estimated.
j Including extra of $.50 quarterly.
m As of Aug. 31, 1925.
n Current liabilities exceed current assets.
o As of Nov. 30, 1925.
p Years ended March 31.
q As of Sept. 30, 1925.
r Before depletion. s Before depreciation.
t Year ended Nov. 30.
u After depletion and depreciation.

Beating the Stock Market

EVERY year brings a nice fresh crop of new "schemes" or "systems" for beating the stock market. Each one lasts only as long as the money of the man who uses it holds out. Indeed, it is remarkable how uniformly unsuccessful these make-a-million-over-night schemes turn out to be. Nine out of ten of them are created out of an assumption that the stock market is a sort of a Monte Carlo, where one can calculate the averages and then place his bet.

Recently a letter was received at this office that on first glance might look as though it was part of the 1926 crop of schemes to beat the market. In this, the writer outlined a plan for speculating "for fun and for profit" which he has been using for a long time and getting both. It is refreshing to read this plan which has one very important feature distinguishing it from "beating the market" schemes, and that is its common sense. The author of the letter looks upon the Stock Exchange as a market place where one may buy values and he makes his transactions accordingly. He does not view it as a gambling hall; at least he does not himself gamble.

This interesting letter is reprinted in full on the opposite page not as a blanket recommendation of speculation (to which we are opposed for small and beginning investors), but because of the valuable pointers on how the speculator with comparatively small capital should protect his speculative position. Our correspondent does not claim to be a genius or a stock market prophet. His methods are based on good common sense. He recognizes the infallability of mere human judgment and safeguards his transactions accordingly. Although his plan is essentially speculative, at no time does he expose himself to the possibility of an unusual hazard and in this lies the secret of his very successful record.

The most important of the reasons which he gives for his success [illegible] the following:

First: He specula[illegible] only with funds that he could afford to lose.

Second: When he had a satisfactory profit on paper he turned the gain into a dollars and cents

profit by selling at least half of the number of shares owned.

Third: Instead of pyramiding his profits, he withdrew certificates for permanent or semi-permanent investment.

Four: He always carried a satisfactory margin and was prepared to take up his stocks and hold them outright if necessary.

Fifth: He was not "hoggish" or, to put it more pleasantly, he preferred a reasonable gain to a large potential loss.

Sixth: He obtained reliable advice and buying recommendations from disinterested sources.

Seventh: He selected dividend paying stocks and did not have to dig down into his pocket to pay the carrying charges.

Eighth: He placed his business with a reliable and well recommended firm.

Of these eight factors, *all of them are important* in the sense that by neglecting any one, our friend "who beat Wall Street," might have had a different story to tell. It is not enough to obtain reliable recommendations if you use them with insufficient margin, or let your profits run into losses, or do business with an unreliable broker; all are necessary for success.

A Letter from a "Speculator"

Gentlemen:

Retiring and selling out my business a few years ago, I found myself with slight knowledge of finance. By good luck, my modest fortune was turned over to a banker friend to invest. Result: all in good (many A-1) bonds, which show a considerable appreciation. Removing to the country and needing some new interest to keep from "rusting" I began to study the principles of finance, subscribing to a few financial publications, and among them THE MAGAZINE OF WALL STREET, which is now my mainstay. Having saved from MY INCOME $3,000, I ventured out into seeing how long it WOULD LAST, determining never to risk more than this original "stake" since its total loss would not affect my principal.

I bought promising securities, ALWAYS in 10 share lots except if less than $25 a share, then only 20 share lots. Bought on safe margin, I have never been "called" for more and never have I bought on "paper profits" as security. As profits from sales accumulated, my list extended, and I began to withdraw certificates of those companies which interested me and which had your approval. I always limited my withdrawals to five shares, selling then or later the other similar shares held on my margin account. I now own outright, in five share lots, a wide range of stocks, like B. & O., Hudson & Man. Pfd., Bangor Pfd., Wabash A., C. R. I. Pf., Penn. R.R., Consol. Gas, Westinghouse, Phila. Co., Kennecott, Cont. Can, etc. It is a noticeable fact that nearly every security I have sold at a then satisfactory profit and withdrawn my five shares the shares I kept show in paper profits much greater gains yet. It shows I sell too quickly, but it makes the game more interesting and nobody ever got poor taking his profits.

I have taken out in bonds, stocks and cash, much more by far than my original stake, and still have my margin equity with my broker. Another fact: Dividends received have every year been larger than broker's interest charges.

I have not yet "taken a loss"—of course, stocks have often dropped below purchasing price, but they came back eventually, and as long as they "pay their board," why worry?

"They" say you can't beat Wall Street. I believe a person who spreads his commitments over a wide range buys in small lots, on good margin, and profits by the advice of a reliable publication, and doesn't try to be a "hog" can make 25% on his money, with no more than the usual risk in any ordinary business. Can legitimate business show better profits? And it is a field of endeavor where conditions are ever changing, so that study and judgment may bring large financial rewards, to say nothing of one's being engaged in a most interesting occupation.

To a friend who wished to speculate for "fun and profit," I recently gave this advice, based on my experience: Get a broker with recommendations from several banks; carry strong margins, or be able at any time to put up the full amount, and subscribe to, and buy on recommendations of THE MAGAZINE OF WALL STREET, and you ought to make a little money. He DID and he DOES.

Very truly yours,

J. F. B.

Financing the New Home

How to Proceed with the Building of a $10,000 Home with $3,000 Cash

By STEPHEN VALIANT

THE most practical way to gauge your borrowing is by your earnings. Business men have long since learned that it is poor policy to borrow more heavily than earning power will stand, and the experience of small home owners substantiates the necessity for caution against over-borrowing. Twenty-five per cent of the income for upkeep of the home and fifteen per cent for savings are usually the limits that the average family budget can stand. Deduct the estimated costs of keeping up the home and apply whatever remains from the total of these percentages to arrive at the largest practical figure to meet the charges of the mortgage in both interest and reduction of principal.

TWENTY-FIVE years ago it was a shameful admission of poverty to mortgage the old homestead. Our present generation fortunately has a different standard. To-day it is considered a sign of enterprise when a young couple buy an equity in their new home for cash and obtain the balance on a mortgage. As sentiment has changed within this past quarter of a century, so has the mortgage business. In the old days when one wanted mortgage money, they assumed the role of a supplicant requesting a loan on bended knees from the town's old skinflint against a mortgage on the home, but the procedure is a little different now.

There is plenty of first mortgage money available at a cost slightly in excess of 6% to honest and thrifty young people of good character who are planning to buy or build their own home. In addition to financial assistance, the lending is accompanied by practical aid and valuable service in selecting locations and planning the construction of the home. The appraisal that is placed on a home to be built or bought serves as a good guide to the prospective home owner as to whether or not he is getting good value for his money.

The Construction Loan

Those who have never had any experience in home building or home financing find it difficult to understand how a man can mortgage a house which he does not yet have in order to obtain sufficient money to build it. This is where the construction loan comes in. It is really a contract drawn up between the lender and the borrower whereby the lender agrees to advance stipulated sums as the construction of the home advances and the borrower agrees to secure the loan by a first mortgage on the house when completed.

One can obtain as high as two-thirds of the appraised value of the house to be erected, including the land—the other one-third is put up in cash by the prospective home owner. The home owner's money is spent first, that is to say it goes to pay for the land and for the initial construction work. The balance is advanced, bit by bit, as the work progresses and pays for the rest of the contractor's bills. This procedure protects the lender but also makes it necessary for him to have some one supervising the building job. Consequently, construction loans are made only by companies which have the facilities to follow through on the week to week erection of the home.

There are three sources from which construction loans may be obtained: (1) Building & Loan Associations; (2) mortgage companies, and (3), to a more limited extent, insurance companies. The building and loan associations extend their loans only to members or shareholders but the shares can be taken out the same day that application for the loan is made. In the larger cities, the mortgage companies prefer apartment house loans or semi-business properties because these properties have a higher earning power and are more readily sold than a small home. At the present time they have plenty of capital to accommodate the small home builder as well.

The building and loan people lend only on small homes occupied by the owner. If any difference exists between the B. & L. and the mortgage company in the amount loaned, it will usually be found that the former are a little more liberal than the latter, especially to an old member in good standing with the association. As for the insurance companies, only a few of the larger companies will bother with the small home mortgage, the larger part of their construction loans being represented in more extensive developments.

What Will the Loan Cost?

The cost of a construction loan is 6% in New York state and in the majority of other states. In some states in the south and in the west the rates are 7 and 8%, but even where the legal rate is 8%, lower rates prevail when money is plentiful. In addition to this rate of interest, there are certain expenses incidental to the loan, such as legal fees, taxes, recording fees, title searching which range between 3 and 4% of the amount of the loan. These expenses are paid by the borrower. The building and loan association mortgage is paid off in monthly instalments at the rate of $10 a month for every $1,000 borrowed. For the first instalment, approximately half represents a reduction of the principal amount of the loan and the other half represents interest. As the loan is reduced, the interest decreases and a constantly larger portion of the monthly payment represents a reduction of the principal. The terms of the construction loans made by mortgage companies vary slightly in the manner of reducing the principal. Interest is paid semi-annually, instead of in monthly payments, and the principal of the loan is paid off at the rate of 3% every six months. The insurance companies also have the six months' payment plan. Construction loans are usually made for a period of three or five years, except the B. & L. loan, which extends over a period of 11½ years.

The man who is planning to build his

home, therefore, has two somewhat different kinds of loans that he can obtain. Which is the more desirable, the Building & Loan plan or the mortgage company loan?

So far as the cost is concerned there is no great difference beyond some nominal variance between various localities. The chief difference lies in the manner of paying off the loan and the choice is usually made on this factor alone. If the borrower plans to pay off the mortgage entirely and hold his home free and clear of all encumbrances, he will be likely to favor the building and loan plan. The monthly instalment method of retiring the obligation is designed to enable the home owner to pay for his accommodation in the saving that his home represents in rent payments.

If, on the other hand, the home builder requires a loan for only three to four years and desires to be relieved of the necessity of making a payment every month, he is likely to look with favor on the accommodations offered by the mortgage company. The mortgage companies make it a practice to extend their loans after the three- or five-year period, but the borrower has no guarantee that such extension will be granted, nor is there any assurance that the extension will be made at the same rate of interest as the original loan.

The companies that make construction loans, that is to say the building and loan associations, the mortgage companies and the insurance companies, also make loans on properties which have already been erected. The man who prefers to buy his home instead of building, can obtain a mortgage from these sources. In addition to these sources he can obtain a mortgage from a bank (banks are barred from the construction loan field by law in most states) or from individuals who select first mortgages for investment of their surplus funds. Lawyers sometimes have clients who are always in the market for a good first mortgage and real estate men frequently act as brokers in placing first mortgage money.

Straight Mortgage Is Cheaper

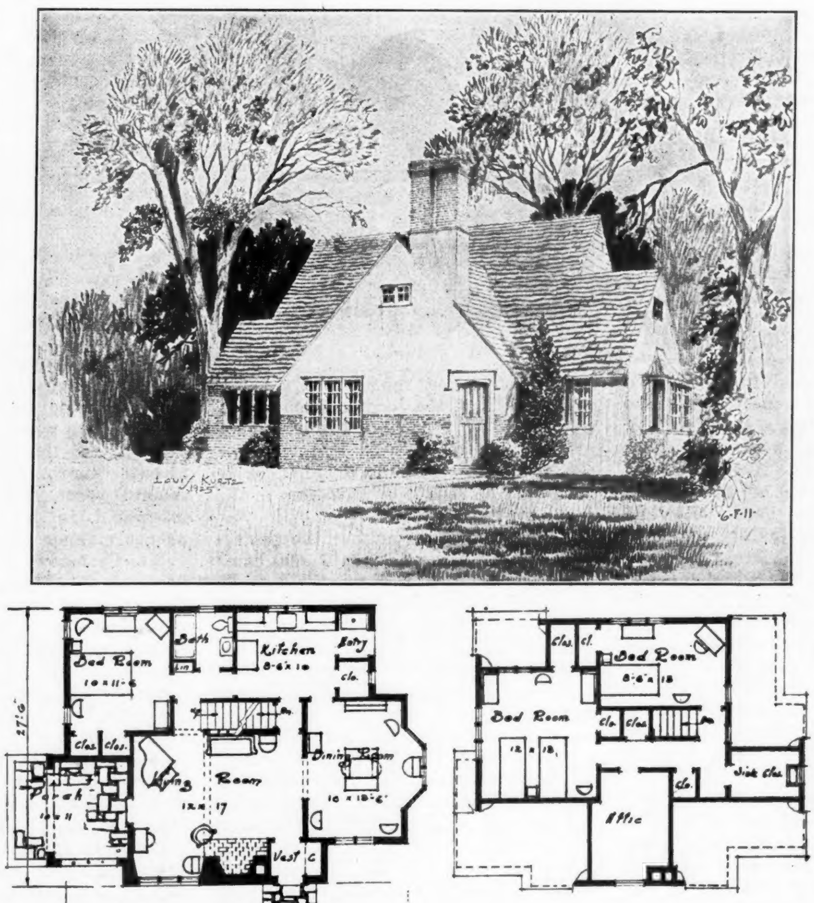
The cost of a mortgage on a property already erected can usually be obtained from a bank or an individual at a lower cost than a construction loan because some of the costs involved in a construction loan can be avoided. As a general rule, such loans can be arranged for a longer period and do not have as rigid terms for the amortization of the mortgage. In buying a home, the seller frequently offers to take a mortgage and as an inducement in closing the deal will sometimes take a second mortgage, requiring only a small cash payment.

So far, however, our discussion has been confined to the most desirable mediums of financing the new home. They all require a cash investment on the part of the borrower of at least 30% of the value of the property, the individual mortgage and the bank mortgage on old homes sometimes require a cash investment of as much as 50%. In other words, this kind of a mortgage, while in many respects more desirable than the construction loan, is usually limited to 50 or 60% of the value of the property as opposed to an outside limit of 70% on a mortgage protected by amortization.

But, how about the prospective home owner who has say, $2,000 saved up to buy a $10,000 home? What is the market for "shoe-string" home financing? Can he obtain any accommodations at all? Yes, plenty of accommodations—at a price; but prepare for a great deal of pulling of the purse strings, and the heart strings as well, if you enter this field of home financing.

The Second Mortgage

The typical second mortgage covers the difference between as much as 85% of the value of the property and the amount of the first mortgage. Let us assume that the value of the property is $10,000 and the first mortgage is $6,000. That leaves $4,000 still to be met—somehow. In New York City and other large cities where second mortgage money is loaned quite freely to those who will pay the price, one can get an additional $2,000 (*Please turn to page* 1058)



This architect's drawing illustrates one of the most popular homes designed by the Architects' Small Home Bureau. It costs from $9,000 to $12,000 to build

How Did You Come Through the Break?

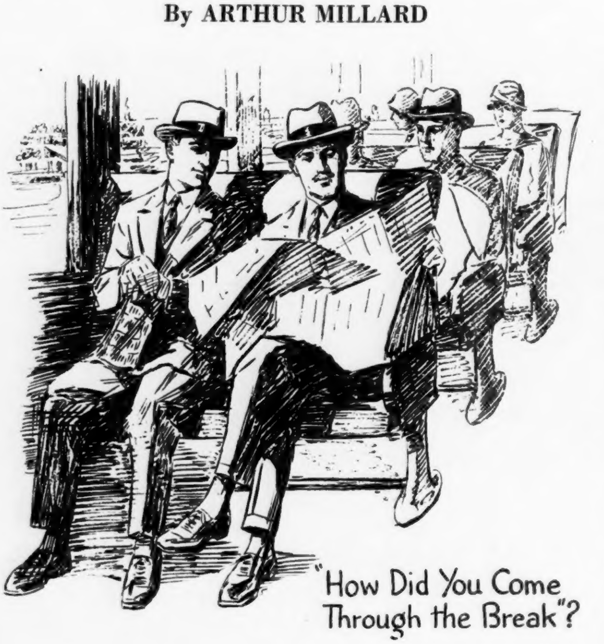
A Story About the Right and the Wrong Way of Using Money to Increase One's Wealth

By ARTHUR MILLARD

TWO men were sitting in front of me on a Long Island suburban train the other night, discussing the recent break in the stock market. After nervously scanning the prices listed in an evening paper, one of the men turned to his companion with the inevitable question.

"How did you come through the break?"

"Oh, I suppose I may have lost a few dollars," replied the other man with utter lack of concern. "I have not checked up on the few of my holdings that may be affected. You see, I don't buy that way."



The man who asked the question remained silent. It happened that I knew both of these men fairly well—neighbors of mine—and I was familiar with their methods of investing in a general way. The first speaker had mentioned to me only a week before that he expected to make a substantial profit in the stock market. I could easily guess what was going through his mind now. A drop of over twenty points in one of the market leaders had hit him hard. He had around two thousand dollars at stake. It must have been an actual loss too, because undoubtedly his brokers had been compelled to sell him out on the slim margin he carried.

This man's conception of the best way to build up wealth is quite a typical one and accounts for a large measure of the losses to small investors in a stock market break. Let me tell you his story. We will call him Thomas Wilson.

Mr. Wilson is thirty years of age; has a wife and a child and pays $80 a month rent for a nice apartment in our village because he has never managed to accumulate enough savings to buy his own home. In his profession, he is considered a well informed and capable man. At least twice to my knowledge during the past five years, he has received small amounts from the estates of relatives. If properly used, this money would now represent a nice investment fund, the income from which would pay for $10,000 of life insurance protection for his wife and child or the principal could have financed a home and be repaid by this time in the rent saved.

He has, however, neither the protection nor the home. When $2,000 came his way about a few months ago he deposited it in a local bank where he had a small checking account and tried to make up his mind how he would use this welcome cash. So many alternatives confronted him that he could not decide until somehow he learned on good authority that a quick profit could be made in "American Utilities" on the stock exchange. He bought 100 shares as advised on a twenty point margin and on the advice of the same friend sold out at a ten point profit. Then the cash lay idle in his newly acquired brokerage account.

Soon after "American Utilities" sold off to the price that he had originally bought it. He reasoned that if it was a good thing to buy it before at that price it must be a good thing to buy it again, and, this time without consulting his friend he bought 200 shares. The broker cautioned him against speculating in Utilities on a fifteen point margin (he used both his original cash as well as the newly made profit). Unable to see anything but the previous upward jump of the stock, he placed his order and then watched the evening papers feverishly, hoping to see another quick profit. This was several days before the notable price drop on the exchange.

No wonder he found little desire to discuss the market now.

"Are you in the market now?" asked his companion, finally.

"Yes," he said, "very much to my regret."

"I'm sorry to hear that," the other man replied sympathetically.

Would you not like to hear the other man's story? It is typical of the conservative investors who have no great cause for concern when stock prices drop. We will call this man Wilson Thomas. I have known him rather well for several years and have always been interested in his conception of the proper manner of using funds.

Mr. Thomas is a young engineer who has gained a very practical sense of the value of money although he has never had a large income and considers that his prospects of becoming excessively wealthy are decidedly limited. Consequently, he is very careful to make the best possible use of the money that he has.

Before he had turned twenty, Mr. Thomas had started to place a small portion of his weekly salary in a savings account. Although, by no means miserly, he made it a rule to first deposit regularly every week and then live as comfortably as possible on the balance of his income. With salary increases, he increased the amount of his regular deposits. Within three years he withdrew $500 for investment in sound bonds on two occasions, but continuing to deposit the coupons with his

regular deposits in the savings bank.

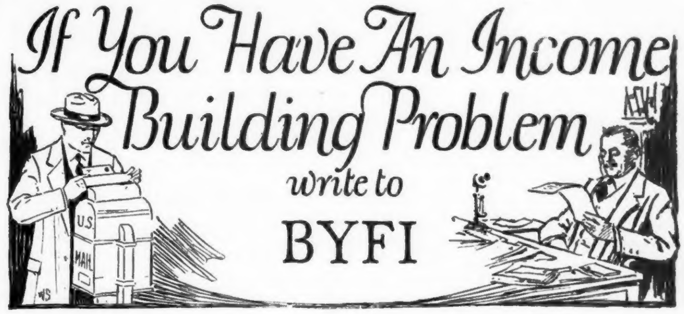
At the age of twenty-three, he married, his increased responsibilities and higher standard of living being fortunately partly offset by an increase in his income. He considered it advisable to make adjustments in his savings' methods to correspond with the new circumstances of his life. The most pressing necessity, he thought, was protection for his wife and new home and he took out $20,000 life insurance through a 10-year term policy costing around $200 a year. This policy was selected because he wanted as much protection as possible for the money in the earlier years. It has since been converted into straight life at a higher-premium rate.

I first made Mr. Thomas's acquaintance when he moved into a new home in our community about six years ago. I have learned since that the purchase of the home was partly financed by a Building & Loan association of which he was a member and partly in the sale of the bonds which he had bought out of his savings. Instead of paying off the mortgage held by the Building & Loan association entirely, he arranged a new loan after three years of about 50% of the property at the bank where he was well thought of and refunded the Building & Loan mortgage in this way. Apparently he had better use for his money than to pay some $80 a month to the building society for eight more years.

During this time all spare funds went into the savings bank and was occasionally withdrawn against the purchase of bond investments in small denominations. Mr. Thomas also kept up his building and loan shares as a permanent investment, even after he had paid off his mortgage to the association. Later he ventured into the field of preferred stocks which were then selling out of line with intrinsic value. About four years ago, he told me that he was impressed with the unusual values prevailing at that time in good seasoned stocks and having an investment reserve in bonds and preferred stocks began to buy small lots of the common shares of good companies. Some of these he paid for in cash; others he purchased through a loan at the bank, reducing the loan out of his spare funds from time to time.

Mr. Thomas recently felt that some of his stocks were selling at a price which was so high that they became unfit for retention as a permanent investment. These he sold for cash and reinvested the balance partly in bonds and partly in stocks which appeared to him to be undervalued. He also had a small trading account, which he used for the purchase of listed stocks on a very conservative margin. This was his first step into the speculative field but before he entered it he had gone through

(*Please turn to page* 1051)



How Much for Furnishings?

Dear BYFI:

I have $6,000 saved up to buy my home. After some search, I found a six-room house that would suit me just fine and costs about $10,000. By giving a mortgage I can buy the home and have approximately $2,500 left for furnishing, taxes, up keep, etc., and, in addition, I have a fairly steady income which leaves me something for saving and investment. Are my finances sufficient to properly furnish the home or would you advise me to wait until I had accumulated larger savings before buying my home?—T. F., Philadelphia.

A customary way of determining how much you should spend to furnish a home is to allot 20% of the cost of the home for this purpose. Naturally, the more costly a home is the more you would expect to spend in furnishings that would be in keeping with the home. The house that you contemplate purchasing costs $10,000 and on the above basis you would figure on spending $2,000 to furnish it. You will probably find that after including all of the little odds and ends that help to make a newly furnished home livable, the two thousand dollar furnishing budget may be slightly exceeded for a six room house. The fund that you have for this purpose, however, should be ample.

A Business Investment

Dear BYFI:

I am a married man with an income of $3,600 a year and have saved about $3,000 which at present is earning 4 per cent. In addition, I have ample insurance in the form of Ordinary Life so that I would have an estate in addition to my savings. My brother-in-law has offered me the opportunity of investing my savings in his business where it will pay me a guaranteed income of 6% and may ultimately pay more. There is no question concerning his honesty and good intentions; he can easily obtain suitable accomodations from the bank. I have a very high regard for his business ability and judgment. The only question is this—as a business proposition, would you consider this a suitable investment for a man in my position?—R. H. McH., Brooklyn, N. Y.

Ordinarily, we would not advise a man in your position to place his entire savings in a business investment. The normal financial risk in a business undertaking is quite high—too high to make it an ideal investment for a small investor. Further consideration of the nature of the business in which you are contemplating making the investment and the exact terms of the guarantee may warrant an exception to the general rule. Even on the assumption that these features are satisfactory from the customary business viewpoint, however, we would hesitate to advise you to disturb your savings from their present investment. Profits do not come from honesty and business ability alone and there are others who are better prepared to offer financial accommodations to business men than you are.

Shall I Take Concessions?

Dear BYFI:

I have been doing business with one investment firm in our city for two years and have always been satisfied with their recommendations and service. Another broker has called upon me several times recently and in order to get my business has offered small price concessions on new issues of securities. As this was confidential, I am not at liberty to disclose names but as a business proposition would you advise me to take advantage of this offer?—T. K., Philadelphia.

The selection of your broker is entirely up to you; not being familiar with the circumstances that may have attended the offer to give price concessions nor the identity of the firms under consideration we are unable to advise you. Personally we should look for a better argument than an offer to split commissions before changing our brokerage connections, especially if the present firm is giving satisfactory service. It is not considered good professional ethics to split commissions and in the case of new offerings, a price concession is a definite violation of the underwriters' agreement. Good securities are sold on a small margin of profit which if still further reduced must be made up in some other manner. This may guide you in making your decision.

Starting Junior in Building His Future Income

The Value of Getting an Early Start on the Road to Financial Independence

By HERVEY H. LEONARD

Junior's Weekly Budget

Spending Money	$ .70
Xmas Savings Acct.	.15
Regular Savings Acct.	.15
Total Income	$1.00

"We endeavor to teach Junior the value of money and the importance of having a sufficient amount on hand to insure a successful start in life."

How Junior's Savings Grew

Age 1	$ 10.00
Age 5	75.00
Age 10	350.00
Age 15	700.00

THERE is a friend of mine who, when I ask him how he is getting on financially, invariably reminds me that he would be on "Easy Street" had it not been for the neglect of his ancestors to provide for his future needs. Just think, he elaborated on one occasion how many years back I have had ancestors and if even one of those who came over on the Mayflower had, a few years after he landed at Plymouth in 1620, put a hundred dollars in the bank for me, at 4%, my heritage would now have reached nearly a million and a half, or to be somewhat exact $1,402,637.50.

However, coming back to earth, a good many of us realize too late in life that the building up of a fortune which will insure one a comfortable income after middle age, ordinarily is the work of the best portion of a life time. It takes twenty or thirty years, and sometimes longer, of persistent and systematic saving and investment of funds to accomplish this result. Many people work so hard to accumulate their money that they cannot enjoy spending it after they have accumulated it; others die soon afterwards and do not live to enjoy it.

As a child I had been taught how to save, but not how to accumulate. I remember well when I was about eight years of age my father, who was a banker, brought me home a dime savings bank and gave me a brand new dime to put into it. He offered me a dime for each report card from school showing that I had ranked "1" in my class. At the end of the first month, one of the promised dimes was mine. I became interested in earning money in other ways to fill my bank and in about four months by doing odd jobs, such as watering the garden, running errands, etc., for my folks and neighbors, I put the final dime in the bank, springing the lock which opened the bank and $5 in dimes came rolling out. I shall never forget the joy I experienced when I counted the dimes and stacked them in five piles of ten each.

Now came the question as to what I should do with the money I had saved. One of the things I had most desired for sometime was a new velocipede, which I finally bought with my savings.

I kept on earning money, saving it, but always being allowed to spend it in the end for various fancied wants—bicycles, rifles, coasters, etc. That I should put some of my money in a savings bank and accumulate a fund to give myself a start in life was never explained to me. My father, rated as a capitalist, probably thought this unnecessary as he would be able to look after me. But the unexpected happened—my father lost his fortune in a financial panic. And, so it was, when I had grown up and started out in the business world, my money was spent for things, which, in my circumstances, I could not afford. I loved to travel and made several trips throughout the United States.

Giving Junior An Early Start

Age 29 found me just recently married with a little less than $300 to start married life with—an amount I should have had easily at the age of 21.

After we had been married two years, along came Junior. My wife and I were talking over the family finances one day not very long thereafter. We thought of the difficulties we had both encountered in the past and those which we might face in the future. Then we thought of Junior and planned to give him an early start on the road to financial independence and to place him in a position to carry on successfully the journey to the goal.

The start was made the first Christmas after he was born. An uncle made him a present of a silver mush set. My wife persuaded the uncle that money would be a more practical gift. The mush set was returned and an account was opened up in Junior's name in the Savings Bank with the cash refund received. Thereafter, when relatives or friends spoke of giving Junior expensive presents on his birthdays and Christmas, we suggested that they give him money for his savings account instead, or that if they must buy toys that they buy inexpensive ones which he would enjoy just as much and give the difference in price in money.

We increased Junior's account little by little at every opportunity. We bought a penny bank and as soon as he was old enough he was taught to deposit some of the pennies he was given into this bank. When Junior had reached the age of five, with accumulated interest, his bank account reached $75.00. Two years later we drew enough money out of the account to buy a $100 Liberty Bond.

We encouraged Junior to save money for his bank account and at the age of ten his account had grown to $350, at which time a second $100 Liberty Bond was purchased for him. He is now fifteen years old and going to high school. For wiping dishes for his mother he is given 25 cents a week; another 25 cents a week is earned for doing jobs for his father; such as, chopping and sawing wood or for work about the garden. He is given 50 cents a week for spending money which he may use to buy ice cream cones, go to the movies, etc. Out of his income of $1 per week, he regularly deposits 15 cents in his savings account. His total savings now amount to $700, consisting of two $100 Liberty Bonds, one $100 Miller and Lux 6% Bond, and the balance money in the Savings Bank.

He deposits also 15 cents each week in a Christmas Savings Account. He withdraws his Christmas Savings each year to buy mother and dad their presents, and now he has a girl friend, and, of course, that means another present.

A Comprehensive Insurance Plan For a Young Man Under Thirty

The Insurance Editor Gives Helpful Advice on the Problems of Our Readers

By FLORENCE PROVOST CLARENDON

Insurance Editor:

A friend of mine is somewhat perplexed, relative to his life insurance program. He is a young married man about 28 years of age, with an income of about $2,000. They have one child. An insurance agent talked insurance to him and told him that the following would be an ultimate minimum he should carry:

(1) $2,500 *payable in cash to clear up expense incident to last illness, funeral, outstanding debts, taxes, etc., and to safely carry family through readjustment period.*

(2) $2,000 *payable in cash* ($500 *per year on specific dates) for educational purpose for daughter (Trust Fund).*

(3) $75 *income per month to wife for definite period of her lifetime (20 years certain whether she lives or dies) to provide bare necessities of life.* $100 *per month income to self for life in event of the loss of your earning capacity as a result of accident or disease.*

(4) *Income as a result of above for self at the retiring age—65.*

I am a subscriber to THE MAGAZINE OF WALL STREET, *and have been reading your articles with a great deal of interest. I promised him that I would write you and get your opinion of this proposition. I would, therefore, request you to inform me whether you think this program suitable for him, and its approximate yearly cost, and whether the burden would be too heavy for him. Perhaps you could suggest a better plan or some changes in the present plan.—W. L. B.*

The outlined program for life insurance protection for a young married man 28 years of age, with one child, is comprehensive and well planned. It is a good programme on which to base a growing coverage. It is possible that with an income of but $2,000 the breadwinner might find it difficult to enter at once on the entire commitment. Life insurance should be taken until the payment "pinches" indeed until it *hurts* —when the young family of the insured has to be protected against his untimely death. Still an obligation for annual premiums which would probably require about one-fifth of the annual income of $2,000 might in this case divert funds necessarily allotted to other expenses. It is, of course, for the applicant to honestly decide for himself just what he can afford.

A conservative plan that is often advocated and followed is the setting aside of one-tenth of the annual income toward payment of life insurance premiums, and one-tenth towards savings bank deposits or the purchase of conservative securities.

Your friend could with advantage to himself take life insurance on the 30 Payment Life plan in as large an amount as he can now afford, increasing his protection as his income grows. A policy of $1,500 or $2,000 could be taken to provide funeral and readjustment expenses, and the proceeds of this policy could with advantage be paid in a lump sum. The greater portion of the additional coverage should be paid as income for a period of years— or if the amount is large enough to make it practical—during the lifetime of the beneficiary.

You do not state the exact plan—Ordinary Life, Limited Payment, or other—on which it is proposed to place the life insurance, nor whether it is proposed to place it with a participating or a non-participating company. However, in a participating company the cost for the protection outlined, on the Ordinary Life plan with premiums payable throughout the life of the contract, and reducible by annual dividends, the cost would probably be over $400 annually.

It would, of course, be preferable to place the insurance on a Limited Payment plan. Under a 30 Payment Life policy the cost would be but slightly in excess of that required for the Ordinary Life plan (less than $4 per $1,000 in a participating company) and all premiums would be paid in the 58th year, when taken out at age 28. This would carry these obligations over that period of life when insured's income would normally be ascending to its peak—ceasing before the older years of life when most men wish to be free from such payments.

Shall I Change My Policy?

Insurance Editor:

I should appreciate your advising me about an endowment policy to which I might switch from the present 20-year payment life policy I now have, and on which I have paid five premiums. I am a young man, 33 years of age, with no one directly dependent on me, and it is unlikely that I shall ever marry. I am earning only $1,500 per year, but my wants are small and I feel that I shall be able to set aside $20 or $25 per month for insurance. Do you think an endowment would be better than an annuity?

I thak you for your advice on this matter—F. M. McG.

It is usually preferable not to disturb existing policies, but if you have given serious thought to the matter and have decided that the primary need of your policy is to build up a thrift fund for later years, you can doubtless arrange to make the conversion to an Endowment form with little difficulty. You should write to the agent who placed your insurance or direct to the home office of the company stating your wishes and asking for the mode of procedure in order to make the change from the Limited Payment to the Endowment form.

If you changed your 20 Payment Life Policy to a 30 Year Endowment (maturing in your 63rd year) the cost in premiums would be just about the same as that required for the Limited Payment Policy when taken at the same age. There are two modes of making the conversion: either by dating the

(Please turn to page 1050)

BYFI Recommends

	Approx. Price	Yield
Bonds **with a high factor of safety, ready marketability and good collateral value:**		
N. Y. Telephone Co. ref. 6s Ser. "A" '41	108	5.2%
Del. & Hudson 15-year 5½s '37	104	5.2
Bethlehem Steel 1st guar. 5s '42	99	5.1
N. Y. Cent. & Hud. River deb. 4s '34	95	4.8
Bonds **with a good factor of safety, fair income, good marketability and collateral value:**		
American Sugar Ref. 15-year ref. 6s '37	104	5.6
Anaconda Copper 1st 6s '53	103	5.8
Cuba Railroad 1st 5s '52	93	5.5
U. S. Rubber 1st 5s '47	93	5.6
Preferred stocks **with ample security, a liberal income return and some possibility of enhancement in value:**		
Famous Players Preferred ($8)	122	6.5
U. S. Smelting & Refining preferred ($3½)	49	7.2
Schulte Retail Stores preferred ($8)	117	6.8
Willys-Overland preferred ($7)	97	7.2

Market Decline of Pan-American Issues Reflect Uncertainties

Convertible 6% Bonds an Attractive Investment

IN the face of a general advance in the market value of oil shares since last Spring, Pan-American Class A and Class B stock have been subjected to a slow sinking spell during this time that has carried the shares off approximately twenty points. This market shrinkage is about one-quarter of the previous value and in dollars and cents amounts to well over 50 million dollars on approximately 2.68 million shares of both classes of stock outstanding. The market behavior of the stock within the past six months suggests an absence of speculative enthusiasm but little in the nature of aggressive selling pressure. Assuming that there is nothing fundamentally wrong with the company of sufficient importance to attract the attention of the "bear crowd," it is pertinent to question why buying support has failed to come into the market when the stock sold below 75, at which price it was on an 8% dividend basis and over 14% on current earnings.

As far as earnings and production are concerned, there is nothing that accounts satisfactorily for the market shrinkage of the stock. Last year, the company earned about 27 million dollars net according to a recent statement of the chairman of the board and was the only company of importance in Mexico that increased its production last year. Pan-American's daily average production at the present time is about 145,000 barrels, a large portion of which is light oil and the total ranks the company second among the world's largest producers of petroleum. Obviously, to account for the unfavorable showing of the shares on the Stock Exchange, we must look elsewhere than to earnings and production.

Since the Spring of 1926, several developments of importance have taken place in the affairs of the company and the market decline of the shares coincides to some extent with these developments. The segregation of part of its properties, the acquisition of new property, the formation of a number of new companies of a similar name and the introduction of new interests in the directorate, together with some new financing and change of control all appear to be very complicated and confusing. On top of this comes a series of court decisions favorable to the Government in its suit against the company that arose out of the national political "scandal" concerning the lease of Naval Oil Reserves. And then, just as though the Pan-American stockholder did not have enough to think about the Mexican Government started to renew its attempts to nationalize all oil lands within its boundaries.

Actually, these recent changes are not as complicated as they appear to be on the surface. Pan-American shares on the stock exchange are the shares of the same company that existed prior to 1925. Since that time, however, the company has sold its California properties to another company called Pan-American Western for a consideration of 23 million dollars. The new company inherited the U. S. Government litigation which disposes of that as far as the old Pan-American Petroleum & Transport Company is concerned. The producing capacity of the properties in California which the company sold averaged around 15,000 barrels a day. This has been replaced by the company's acquisition of Lago Petroleum & Transport, which owns vast concessions in the Maracaibo basin of Venezuela which have a present daily average production of around 45,000 barrels. Pan-American owns 100% of the voting stock of the Lago subsidiary but only a third of the outstanding common; nevertheless, the production per share owned is equal to the entire production of California property and the potential output is far greater.

The South American oil lands are estimated to have cost Pan-American between 10 to 12 million dollars, not officially, but on the basis of the cost of the old Lago shares and the original cost of new shares to other interests allied with Pan-American. Therefore, the investment is only about half of the amount realized in the sale of California property and the production obtained is as high or higher.

By this process of elimination, all of the adverse factors that confront Pan-American single down to its Mexican operations and the difficulties, economic and political, that confront the company there. The Mexican situation is indeed serious and may handicap Pan-American's future operations in our neighboring republic. The production of oil at best is highly speculative there, due to peculiar geological formations, and characteristic salt water intrusions, and an additional element of uncertainty is added by the political menace.

The conservatism of the present Standard Oil of Indiana management is not particularly inviting to the speculator. Standard Oil financial policies make for steady growth of value of the properties back of the stock but not for spectacular gyrations of the stock itself. On the other hand, the inherent uncertainties of Mexican oil production have no special appeal to the investment buyer of securities. However, both the speculator and the investor can meet on common ground in an issue of securities of the Pan-American company other than its stock issues. This is the convertible S. F. 6% gold bonds due Nov. 1, 1934, selling on the Stock Exchange at around 106 to yield slightly less than 5% to maturity.

These bonds are worth more than par on their investment merits. Although bonds may be drawn for the sinking fund at 103, the possibility of loss is limited and the convertible privilege may bring material enhancement in value.

Conversion Value of Pan-American Convertible 6's 1934

If "B" Stock sold at:	Conversion Value of $1,000 bond would be:
70	$1,000.00
75	1,071.43
80	1,142.86
85	1,214.29
90	1,285.72
95	1,357.15
100	1,428.57

Note: According to the exact terms of the convertible privilege, each $1,400 par value of bonds may be exchanged for $1,000 par value of Class B stock. In order to compute the conversion value of a $1,000 bond at any price multiply the price of the stock by 14.2857.

Here is a Way to Find Out the Best Form of *Investment* for You

Constant trading in and out of the market on tips, rumors and gossip, is risky and piles up charges against you; increases the possibility of loss. But the right policy once formed and adhered to steadily can build up profits with almost amazing speed.

We believe that the *best* results from investment, the better-than average returns that will increase your capital with such amazing speed, can be secured only through securing sound, general advices and *adapting them to your own individual needs.* A man earning $5000 a year with a total capital of $10,000 obviously should buy different stocks, place different percentages of his money in "Business Men's" Investments, and in Bonds than should his neighbor who has a $15,000 salary and $100,000 capital.

To the right of this column is a description of the subjects covered in our latest investment bulletins, which we will send you free. Remember while you are reading these bulletins that the statements made in them are based on a method worked out 22 years ago, with a record ever since of being profitably accurate. For example, independent audits made of our recommendations over a period of years have proved that investors who followed Brookmire's advices should have secured average profits of over 25% a year from outright purchases of securities. And this bulletin service is but a part of what Brookmire offers to all investors.

Every Brookmire client, in addition to weekly, fortnightly and monthly bulletins that discuss every phase of investment, receives the privilege of special and individual advice on his own problems, whenever he requires it. This *personal,* interested service is one of the reasons for the steady growth of the Brookmire clientele.

Such a Service with such a record of accuracy certainly should enable you to increase substantially your income from investments. You can secure now without charge current bulletins that tell what to do in securities and our special folder "26% Average Annual Profit", which explains how such unusually successful investment results can be obtained. The coupon is for your convenience. Mail it today.

What Should *Your* Policy Be *Now*?

DO you think stocks will go up to new high levels or is belief in a bear market influencing you to sell now? Sugars—oils—rails—equipments? Which offer the best possibilities—or should you leave them all alone now? What do you plan to do?

The position of the stock market now and its probable trend; the situation in bonds and whether long or short maturities are best are all discussed in our latest bulletins. These bulletins are specific, concrete and detailed. They give definite advice on what policy is best now. We will send you copies free. Mail the coupon.

BROOKMIRE
ECONOMIC SERVICE, INC.
570 7th Ave., New York

Please send me, without obligation, copies of your latest bulletins discussing the stock market and containing recommendations as to the best policy now. Also, I would like a complimentary copy of your folder "26% Average Annual Profit," telling how a remarkable investment record was made and how it can be duplicated now.

Name..............................

Address..............................

City..............................

M-LX

Opportunities Now Offered by Anthracite Coal Securities

How the Best of These Companies Compare

By HORACE P. ALLEMAN

AN interesting comparison of the net earnings of the large anthracite coal companies for 1924, as reported recently by the Treasury Department on capitalization and earnings, is presented in the accompanying table and affords a practical demonstration of the difference between the anthracite coal producing districts.

The Glen Alden Coal Co., Hudson Coal Co. and the Lehigh & Wilkes-Barre Coal Co. head the list, completely outdistancing their nearest competitors, and are the three companies whose mines are located in the Wyoming district. This is only as it should be; the explanation for which may prove of value to those interested in the securities of the anthracite coal companies.

All the anthracite, or hard coal as it is commonly called and which has been supplied by nature for the use and comfort of the people, is found in a small area of about 450 square miles in northeastern Pennsylvania. This area is divided into three districts, the northern part of which is known as the Wyoming district, the central part as the Lehigh district and the southern part as the Schuylkill district. Physical conditions vary greatly between these districts and production costs are controlled by the geologic and topographic conditions as they exist in each district and which must be accepted as nature has established them.

In the Wyoming district, the coal seams are flat-lying, of moderate but constant thickness, and relatively near the surface and the problem of mining the coal is comparatively easy and the cost low. The "hardest" structure anthracite coal is found in this district, and, due to its hard structure and the ease with which it is mined, very little breakage and fine coal is produced, the proportion of buckwheat, rice, barley, bird's eye and culm being approximately 20%.

In the Schuylkill district, the coal seams are steeply-inclined, faulty and of irregular thickness, necessitating greater depth to mine the coal, increasing the cost of production and unavoidable waste and adding to the difficulties and dangers of mining. The "softest" structure anthracite coal is found in this district, and, due to its friability and the difficulties encountered in removing the coal, there is considerable breakage, the amount of buckwheat, rice, barley, bird's eye and culm exceeding 40%.

In the Lehigh district, the coal seams are gently folding and mining conditions and cost of production are an average between those existing in the Wyoming and Schuylkill districts.

There is one similarity at least between these districts: the large number of small graveyards scattered throughout all of them. This is probably due to the different nationalities represented there, but they always remind me of Jim Fisk's famous expression. One day the stock market was very dull and he said that it reminded him of a graveyard because "those who were in it couldn't get out and those who were out of it didn't want to get in."

The cost of mining represents the average cost of the total output of all sizes of anthracite coal. All these sizes

(*Please turn to page* 1046)

Leading Anthracite Coal Companies

—Figures as of 1924—

	Number of Shares	Par Value	Annual Dividend Rate	Present Price	Earnings per Share	Profit per Ton	Tons of Coal Mined	Estimated No. of Years to Deplete	Where Quoted or Listed
Glen Alden Coal Co.	846,000	no par	$7.00	146	$12.00	$1.20	9,000,000	60	N. Y. Curb
Hudson Coal Co.	326,485	50	....	*..	On 425,300 shares D. & H. Co. stock 14.00	0.75	9,254,240	75	Owned by D. & H. Company
Lehigh Valley Coal Co. stock pledged	189,300	50	$2.50; deferred at Dec. meeting	...					
Certificates of interest in above stock	1,212,160	no par		38	3.00	0.50	6,500,000	90	N. Y. Curb
Coxe Brothers & Co., Inc.	58,203	50	....	*..	On 1,212,160 shares L. V. R. R. Co. 1.15	0.80	1,600,500	50	Owned by L. V. R. R. Co.
Lehigh Coal & Navigation Co.	584,868	50	$4.00	106	.85	0.15	3,353,909	130	Phila. S. E. & N. Y. Curb
Phila. and Reading Coal & Iron Co.	1,400,000	no par	none	40	deficit	deficit	9,421,957	200	N. Y. S. E.

*Unavailable to public.

SERVICE SECTION

ANSWERS TO INQUIRIES

SUBSCRIBERS—ATTENTION

The Inquiry Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. As a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. Inquiries cannot be received or answered by telephone nor can personal interviews be granted by this department. The inquiries presented in each issue are only a few of the thousands received—103,292 were replied to in 1925. The use of this personal inquiry service in conjunction with the Magazine should help you to get hundreds or thousands of dollars of value from your $7.50 subscription.

WORTHINGTON PUMP

Two years ago I bought 25 shares of Worthington Pump B, for which I paid 69. The company's business appears to have been going downhill ever since I bought the stock. I have held on to it with the expectation that the market value of my holdings would come back. Do you think I have a chance of getting out at a good profit this year?—D. A. V., Detroit, Mich.

The report of Worthington Pump covering 1925 operations was disappointing, to say the least. Net income after prior charges was equivalent to only $1.33 a share on the Class B preferred. After the payment of the full dividend on this issue a deficit of $481,674 was recorded. Although the company still presents a creditable balance sheet it is evident that unless it redevelops a substantial earning power it may eventually be confronted with serious problems. Trade conditions have shown a tendency toward improvement but as yet are far from satisfactory. The present dividend on the Class B can hardly be regarded as secure. A switch to Dodge Brothers preferred is suggested. This issue, selling to yield around 8%, is well protected by earnings.

TEXAS COMPANY

What effect will the suit over the cracking process have on Texas Company? As a stockholder I am interested, of course, only in the ultimate market value of the shares. The filing of the suit has tempted me to sell out my holdings. I have 150 shares which I have been accumulating over a number of years at prices ranging from 31 to 49.—C. M. E., Brooklyn, N. Y.

The bugbear of governmental interference with Texas Company's control of the so-called "cracking process" has from time to time made its appearance, but it is difficult to find reason for undue uneasiness. Texas Company is well fortified in the matter of legal defense, and might be depended to take care of its interests. Of course, frightened selling on the part of timid shareholders not in full knowledge of the circumstances may retard an advance in the market valuation of the shares, but we do not anticipate a permanent adverse effect. Aside from the foregoing, there is no serious bar to the company's progress. Financial condition is well nigh impregnable, and earnings continue at a favorable rate. The outlook is excellent. We see no reason to advise you to dispose of your stock.

Are You Sure of Your Broker?

We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make no charge for this service, as we recognize the importance of having our readers deal through reliable firms.

GILLETTE SAFETY RAZOR

I note that the income of Gillette Safety Razor in 1925 showed a substantial increase over 1924, but I find the balance sheet is a little too much for me to analyze. What do you think of the condition it shows the company actually to be in? Its cash shows a decrease of $2,500,000, while notes and acceptances increased $3,500,000. There are also some very decided changes in liabilities. Will you explain this to me?—R. A. F., Chicago, Ill.

Earnings of Gillette Safety Razor for the year 1925 amounted to about $6.04 a share on the capital stock against $5.06 a share in 1924. This increase was but one of a long series extending back over a number of years. We note your uneasiness regarding the financial condition of the company but fail to see where such is justified. Actually, there has been an improvement in its internal affairs. On December 31, current assets amounted to $21,986,658, while current liabilities were only $123,999, indicating working capital in the amount of $21,862,659. This compares with $18,179,435 at the end of 1924. Obviously, the condition of the company is sound. However, viewed from a profit angle the stock is not particularly attractive. We feel that unless you are willing to treat as a long pull investment it would be well to switch to an issue with clearer defined prospects. National Supply, earning at an eight dollar annual rate, appears to have better possibilities.

HUMBLE OIL & REFINING

What is the outlook for Humble Oil stock? Do you consider it likely that the stock will sell much higher, or would you in view of the oil situation suggest a switch into some other petroleum share?—D. A. M., Boston, Mass.

The outlook for Humble Oil might be considered excellent. Although oil conditions in 1925 were not altogether satisfactory, this company made a very good showing indeed. Net profit of over 22.6 millions after all deductions, or the equivalent of $12.93 a share on the capital stock, compares with 9.8 millions, or $5.62 in 1924. In view of the improved outlook for the oil industry in general the company stands to give a good account of itself in the months to come. Financial condition is excellent and management is of a high type. Favorable internal developments have already been reflected in advance upward but the entire possibilities of the shares do not appear exhausted.

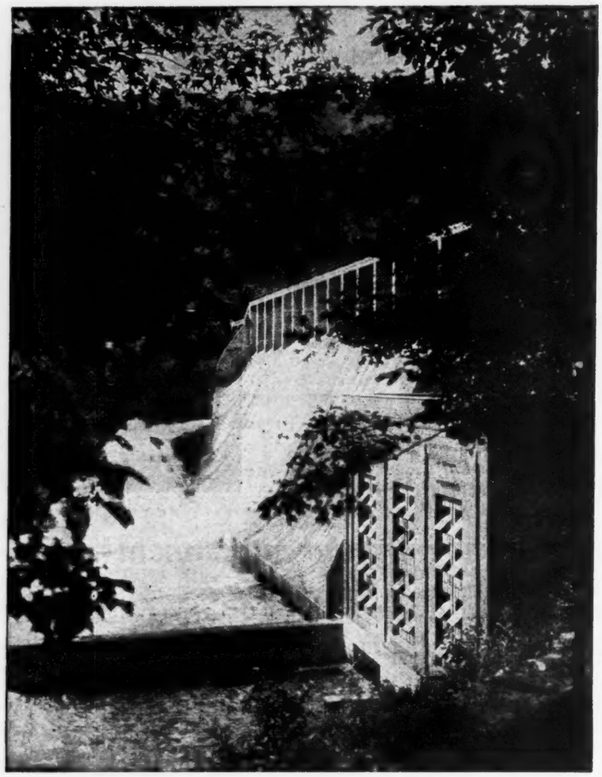
CUBA CANE SUGAR

Is Cuba Cane Sugar going to make any money this year out of its crop? I am continually reading that the cost of the production of sugar is above the present price—but does Cuba Cane sugar cost more or less than the average cost of production?—K. A. H., Paterson, N. J.

In 1925, Cuba Cane Sugar received an average price of 2.696 cents per pound for its output. Its production

(*Please turn to page* 1038)

When Quick Service Is Required, Send Us a Prepaid Telegram and Instruct Us to Reply Collect



Rabun Dam, a Georgia Railway and Power Company Development

Industry seeking location is assured of many advantages in the eighty-one Georgia municipalities that we serve or in the open territory between these towns. We have just issued a book that is graphically descriptive of this great industrial center. The illustrations are photographic and show in great detail the power developments, both actual and potential. The text is conservatively and authoritatively written.

A request on your business stationery will bring you a copy of this book with our compliments.

GEORGIA RAILWAY AND POWER CO.
A CITIZEN WHEREVER WE SERVE

Business Picks Up

Seasonal Gain in Activity—Price Trend Still Quite Irregular

STEEL

New Business Expands

AFTER a slack month in February as far as new business was concerned, the steel makers are placing a larger volume of new business on their books. The continued heavy production since the first of the year had compelled most of the mills to draw upon bookings previously contracted and the heavier buying is most welcome. The automobile industry is still calling for a large quantity of steel. Especially, in the Chicago district, the requirements from the oil fields materially aid in swelling the total of new business. Railroad buying has not changed much and might be better. Anticipating greater activity in the building industry with the approach of Spring, structural contracts are being placed in better volume. The steel industry generally expects new buying to improve through the present month. As a matter of fact, the new hopefulness that has developed is due to prospective business as much, if not more, than contracts actually closed. It is doubtful if the business actually

(*Please turn to page* 1060)

COMMODITIES*

(See Footnote for Grades and Unit of Measure)

	1926 High	1926 Low	*Last
Steel (1)	$35.00	$35.00	$35.00
Pig Iron (2)....	18.00	18.00	18.00
Copper (3)	0.14⅝	0.13⅞	0.14⅛
Petroleum (4) ..	3,65	3.65	3.65
Coal (5)	2.17	2.02	2.02
Cotton (6)	0.21	0.19½	0.19½
Wheat (7)	2.10	1.83	1.92
Corn (8)	0.81½	0.74	0.76
Hogs (9)	0.12⅞	0.11⅝	0.12½
Steers (10)	0.11	0.10¼	0.10¼
Coffee (11)	0.19⅛	0.17⅝	0.18⅛
Rubber (12) ...	0.98	0.53	0.61
Wool (13)	0.54	0.50	0.50
Tobacco (14) ...	†0.19	†0.19	†0.19
Sugar (15)	0.04¼	0.04	0.04⅛
Sugar (16)	0.05½	0.05⅛	0.05⅛
Paper (17)	0.03¾	0.03½	0.03½

*March 13.

(1) Open hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Pennsylvania, $ per barrel; (5) Pittsburgh, mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 red, New York, $ per bushel; (8) No. 3 Yellow, Chicago, $ per bushel; (9) Light, Chicago, c. per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, Spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium Burleigh, Kentucky, c. per lb.; (15) Raw Cubas, 96° Full, Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb. †Change from 1924 to 1925 crop.

THE TREND IN MAJOR INDUSTRIES.

STEEL—New business has picked up and the outlook for further improvement in bookings is considered encouraging. Urgent demand for quick shipments has caused the mills to maintain a high rate of output.

METALS—Dullness has again invaded the market for non-ferrous metals with zinc and lead resting at a price level which they cannot sink below to any great degree and from which they should advance during the coming months.

PETROLEUM—Price advances of the crude oil have finally extended to include the California fields. Surplus stocks of refined products are mounting; gasoline stocks will probably rise to new record before the Spring consumption starts.

SUGAR—With fairly good assurance by this time that the new crop will be only nominally larger than last year and that consumption is likely to grow to even a larger extent, sugar has been firm with a very narrow price range.

RUBBER—In the rubber market most of the price gains from the low point of a few weeks ago have been sustained. Buyers for factory consumption are resisting price advances and the movement for production of reclaimed rubber continues to spread.

AUTOMOBILES—Price reductions recently inaugurated by some of the leading manufacturers are reported to be stimulating sales. Production continues on large scale in spite of mounting stocks in dealers hands and keener competition in making sales.

TIRES—Tire companies are running as close as possible to capacity to step up their output in line with production of new cars. The factories find themselves with fair stocks of raw materials and are inclined to replace supplies only as needed.

COAL—The newly mined hard coal is not moving as rapidly as dealers might wish and stocks of soft coal and hard coal substitutes have become a drug on the market. Both the mines and the railroads are using pressure on consumers to accept bituminous shipments.

BUILDING—On the basis of contracts filed for Spring construction work, there is little doubt that the season will be an active one. Building material costs have eased off slightly. Although boom has reached its peak an active year is looked for.

RETAIL TRADE—Weather conditions have not been favorable for retail trade and the best buying at this time of the year is reported by the mail order houses. Merchandising generally slower than start of year but better than it was a year ago.

SUMMARY—Business conditions are somewhat irregular as is characteristic between seasons. It is not unlikely that nearby months will show moderate improvement in a number of lines.

Income Tax Department

Conducted by

M. L. SEIDMAN

of Seidman & Seidman, Certified Public Accountants

THIS is the final installment of the Income Tax Department. N. Y. State Income Tax is covered for the particular benefit of those who will pay taxes this year to that state.

MOST income taxpayers have just breathed a sight of relief after filing the federal income tax return, and it is almost an unpleasant task to call attention to another tax return which must be filed very soon with the State of New York. The return is due on April 15.

It seems a pity that the New York State Legislature could not have adopted the same scheme of procedure in the taxing of individual incomes as it has adopted in the case of corporations. One cannot help thinking that it would be a very simple matter for the state to merely ask for the amount of income reported to the Federal Government and to tax that amount at the rates applicable. That, in effect, is what the procedure is with corporations who file their returns on July 1.

To the average taxpayer, keeping tab of federal income tax requirements is such a difficult task, that it seems almost impossible, in addition, to retain even a general knowledge of the differences between the State Income Tax Law and the Federal Income Tax Law. Of these there are quite a number, but we need not concern ourselves with all of them, for there are only comparatively few differences that are of general interest.

State Tax Reduction

Recently a good deal has been heard in the public press about the 25% reduction in the New York State Income Tax. Perhaps by the time this article is published that reduction will have been accomplished. To most people the reduction means a reduction from last years's rates, but that is far from being the fact. The state income tax rates are still the same as they were when first enacted in 1919, namely, 1% on the first $10,000 of income, 2% on the next $40,000, 3% on the balance, and while in the last few years there has been each year a 25% reduction, none of us has seen our state income taxes dwindle down to zero on account of these reductions. This is because the 25% reduction has been applied each year to the same base instead of to a reduced base.

Probably the state will also provide for an increase in exemptions this year, as the Federal Government has done, namely, $1,500 for a single person and $3,500 for a married person or the head of a family.

Here are some of the basic differences between the federal and state tax requirements.

Dividends

Under the federal law dividends are subject to surtaxes only. The state has no surtaxes, the tax rates applying to all income from dividends. Recently there has been a court decision which makes it probable that even stock dividends may be taxable by the state, under the State Income Tax Law. That interpretation, however, has not been adopted by the State Tax Department until further adjudication. There are a number of other differences in the two laws in the treatment of dividends which cannot here be gone into.

Earned Income

The federal law beginning with about two years ago, recognized the difference between earned income, namely, income from services, and unearned income, or income from other sources, and while the advantage to earned income was very limited and has only been slightly extended in the recent tax law, the principle of earned income is at least recognized. The state has no similar distinction between earned and unearned income.

Taxes

On the federal return, state taxes are deductible. On the state return, neither state nor federal taxes are deductible. There are a number of other differences as to the treatment of estate taxes and certain inheritance taxes, also taxes on bank stocks. Thus, for instance, in the federal return, tax on bank stock is not deductible if bank is not reimbursed; whereas on the state return, a tax on bank stock is not deductible in any event.

Bad Debts

At one time the Federal Government insisted upon disallowing the deduction for a bad debt unless it was proven to be completely worthless. If the debt could have been shown to be worth only a nominal sum, it had to be carried in full until it actually became worthless. More recent changes in the federal law resulted in a more liberal viewpoint, so that now it is permissible to write off a part of a debt, retaining on one's books only such percentage of the debt as is considered good. Furthermore, the federal law permits the setting up of a reserve for bad debts, and deducting the annual addition to such a reserve from income. The state has not kept pace with this situation and the rule there still is that a debt must be worthless in order to be claimed as a deduction.

Contributions

There are a number of material differences in the deductibility of charitable and other contributions made during the taxable year. The federal law is much more liberal along those lines. Thus, for instance, the federal law permits contributions made to a state or political subdivision of a state exclusively for public purposes. The state has no similar provision. Furthermore, the federal law permits contributions to certain educational, charitable, scientific and general welfare corporations, irrespective of the residence of the taxpayer. The state, however, restricts such contributions in the case of nonresidents to domestic organizations only. Queerly enough, also, particularly when one considers how close the state was to the church at one time, the state law does not permit a deduction for pew rent, whereas such a deduction is permissible under the federal law.

Losses

Under certain circumstances approved by the Commissioner, losses sustained by a taxpayer can be deducted in any year other than the year sustained. Thus, to deduct a substantial loss in one year, may prove inequitable to a taxpayer under certain circumstances, and the federal law has clothed the Commissioner with power to grant relief under such circumstances. The state, however, does not recognize this situation, as there is no similar provision under the state law.

Wash Sales

Most of us will recall, in the old days, the ease with which one could record his stock losses, immediately buying back the same securities. In the last few years the federal law has attempted to remedy the situation by making a taxpayer wait at least thirty days to buy his stock back if he wants to claim a loss on a sale. This to a great extent has discouraged wash sales only for the purpose of taking a tax loss. No similar changes, however, have been made in the state law, and such losses can still be claimed in the state return.

Basis for Determining Gain or Loss

Of course, the two tax laws have always been basically different in that

(*Please turn to page* 1055)

New York Stock Exchange

RAILS

	Pre-War Period 1909-1913		War Period 1914-1918		Post-War Period 1919-1925		1926		Last Sale 3/17/26	Div'd $ Per Share
	High	Low	High	Low	High	Low	High	Low		
Atchison	125⅜	90¼	111¼	70	140½	91¾	139	122¾	126½	7
Do. Pfd.	106¾	96	102⅛	75	98	72	96	94⅛	95¼	5
Atlantic Coast Line	148½	102½	126	79⅞	268	77	262½	202	205	‡7
Baltimore & Ohio	122¼	90⅝	96	88¼	94⅛	27⅝	95¾	83½	89⅞	5
Do. Pfd.	96	77¼	80	48¼	67¾	38⅛	69¾	67½	†68¾	4
Bklyn-Man. Transit	..	..	..	..	64	9¼	69¼	55½	.61	4
Do. Pfd.	..	..	..	..	23¾	31⅜	86¼	81	82¾	6
Canadian Pacific	283	165	220⅛	126	170⅞	101	162	146½	154½	10
Chesapeake & Ohio	92	51⅛	71	35⅝	130½	46	136¼	112	128¾	‡8
Do. Pfd.	..	..	..	..	130	96	136	119	130	6½
C. M. & St. Paul	165⅛	96¾	107⅛	35	52¾	3¼	14½	10⅜	11	..
Do. Pfd.	181	130½	143	62½	76	7	22¼	16	16	..
Chic. & Northwestern	198½	123	136⅞	35	105	45⅞	81⅞	65½	68⅜	4
Chicago, R. I. & Pacific	..	..	45¾	16	58⅞	19⅛	60¾	40½	44¾	4
Do. 7% Pfd.	..	..	94¾	44	105	64	100	96	97⅝	7
Do. 6% Pfd.	..	..	80	35¾	93¾	54	90	84	85⅛	6
Delaware & Hudson	200	147½	159½	87	160¾	83¼	174¼	153	166¾	9
Delaware, Lack. & W.	340	192½	242	160	260½	93	153½	135	139½	‡6
Erie	61¼	33½	59½	18¾	39½	7	40	24¾	28	..
Do. 1st Pfd.	49¾	26¼	54¾	15⅛	49¼	11⅛	45⅝	36	38	..
Do. 2nd Pfd.	89⅛	19½	45⅝	13⅛	46¼	7⅛	43	34½	36	..
Great Northern Pfd.	157⅞	115½	134¾	79¼	100⅝	50⅝	78⅝	69⅛	72⅛	5
Hudson & Manhattan	..	..	..	..	38⅜	20⅝	39½	35	37	2½
Illinois Central	162⅛	102¾	115	85¾	125½	80⅞	124	113½	116½	7
Interboro Rap. Transit	..	..	..	..	39¼	9½	41⅞	24½	35½	..
Kansas City Southern	50¼	21⅜	35⅛	13½	51	13	49⅜	34¼	38	..
Do. Pfd.	75½	56	65½	40	63¼	40	64	61⅝	†63	4
Lehigh Valley	121¼	62½	87⅛	50⅜	88½	39½	87	75½	81	3½
Louisville & Nashville	170	121	141⅞	103	155	84¾	143	120	126½	6
Mo., Kansas & Texas	*51⅛	*17½	*24	*3⅛	45½	*¾	47⅛	32	37	..
Do. Pfd.	*78¼	*46	*60	*6½	92½	*2	95	82	90	6
Missouri Pacific	*77½	*21½	38½	19⅞	41¾	8¼	40¼	27	31½	..
Do. Pfd.	..	..	64⅞	37½	91½	22¼	89¼	71½	78	..
N. Y. Central	147¾	90⅜	114¼	62½	137½	64⅛	135⅝	120½	125¼	7
N. Y., Chi. & St. Louis	109¾	90	90¾	55	183	23¾	181¾	130	156	‡6
N. Y., N. H. & Hartford	174¾	65⅝	89	21½	47	9⅝	45¾	33⅛	37	..
N. Y., Ontario & W.	55⅜	25⅛	35	17	34¾	14¼	28⅞	21½	22⅝	..
Norfolk & Western	119¼	84¼	147⅛	92⅝	151⅜	84¼	157¼	140⅝	148½	‡7
Northern Pacific	159½	101¾	118⅞	75	99⅞	47⅞	76⅛	68	70⅝	5
Pennsylvania	75⅝	53	61½	40¼	53⅜	32¼	55⅛	50	51⅝	3
Pere Marquette	*36½	*15	38⅛	9½	85½	12⅛	88½	67	83¾	‡6
Pittsburgh & W. Va.	..	..	40⅜	17¾	123	21⅛	119⅜	97½	99¼	..
Reading	89⅝	59	115½	60⅛	108	51⅞	90¼	79½	83¼	4
Do. 1st Pfd.	46¾	41¼	46	34	61	32⅞	41⅜	40	†40	2
Do. 2nd Pfd.	58¾	42	52	33¾	65½	33⅛	41½	40⅛	41	2
St. Louis-San Fran.	*74	*13	50½	21	102¼	10¾	101¼	87½	91	7
St. Louis Southwestern	40⅜	18½	32⅛	11	69¼	10⅞	74	58	62⅝	..
Seaboard Air Line	27½	13¼	22⅜	7	54¼	2⅛	51	33¾	34⅞	..
Do. Pfd.	56½	23½	58	15⅛	51½	3	48⅜	36	36½	..
Southern Pacific	139⅛	83	110	75¾	118⅛	67½	104¼	97⅛	99¼	6
Southern Railway	34	18	36¾	12⅛	120½	24¾	119¾	109⅛	111¾	7
Do. Pfd.	86⅞	43	85¼	42	95½	42	92½	89¼	89⅜	5
Texas & Pacific	40½	10¼	29½	6½	70½	14	61⅝	43	50¾	..
Union Pacific	219	137¾	164⅜	101¼	154¾	110	150	142½	145¾	10
Do. Pfd.	118½	79¾	86	69	80	61¼	78½	74¾	†76½	4
Wabash	*27⅞	*2	17½	7	47¼	6	52	37	41	..
Do. Pfd. A	*61¾	*6⅛	60½	30⅞	73⅞	17	78¾	68¼	72¾	5
Do. Pfd. B	..	..	32⅞	18	60½	12¼	72	60	†61	..
Western Maryland	*56	*40	23	9¼	18⅜	8	16⅝	11	12⅜	..
Do. 2nd Pfd.	*88¼	*53½	*58	20	30½	11	24	18	18¾	..
Western Pacific	..	..	25½	11	40	12	39¼	35	35½	..
Do. Pfd.	..	..	64	35	86½	51⅛	81	77½	80½	6
Wheeling & Lake Erie	*12⅞	*2½	27⅜	8	32	6	32	18⅝	21¾	..
Do. Pfd.	..	..	50⅝	16⅝	53½	9¼	50½	37½	41⅛	..

INDUSTRIALS

	Pre-War High	Pre-War Low	War High	War Low	Post-War High	Post-War Low	1926 High	1926 Low	Last Sale 3/17/26	Div'd $ Per Share
Adams Express	270	90	154½	42	117¼	22	109	100	†100	6
Ajax Rubber	..	..	89⅛	45⅛	113	4¼	16	9¾	11¼	..
Allied Chem. & Dye	..	..	..	..	116⅝	34	142	112	124¼	4
Do. Pfd.	..	..	..	..	121¼	83	121⅞	120	†118¼	7
Allis-Chalmers Mfg.	10	7⅝	49⅛	6	97¼	26½	92½	82½	84	6
Do. Pfd.	43	40	92	32½	109	67½	110	108½	†107	7
Am. Agric. Chem.	63⅝	33½	106	47¾	113¾	7⅛	34⅜	22	23⅛	..
Do. Pfd.	105	90	103½	89⅛	103	18¾	96½	70¾	74	..
Am. Beet Sugar	77	19¾	108½	19	103¾	24½	38¾	31	31½	4
Am. Bosch Magneto	..	..	..	..	143⅞	22¼	34⅜	20	23½	..
Am. Can	47⅜	6⅞	68½	19¼	*297⅜	*21¾	344½	275⅛	303½	‡5
Do. Pfd.	129¼	98	114½	80	121⅞	72	125½	121	†123½	7
Am. Car & Foundry	76½	36½	98	40	*201	97½	114⅞	95½	100½	6
Do. Pfd.	124¾	107½	119½	100	128	105¾	128⅝	124	†125¾	7
Am. Express	300	94¾	140⅛	77½	175	76	140	120½	126¼	6
Am. Hide & Leather	10	3	22⅛	2½	43⅛	5	17½	10½	11⅜	..
Do. Pfd.	51⅞	15⅛	94⅞	10	142⅜	29¾	67¼	52	†50	..
Am. Ice	..	..	49	8⅞	139	37	135¾	115	122¼	‡8
Am. International	..	..	62¾	12	132¼	17	46¾	37¼	39½	..
Am. Linseed Pfd.	47¾	20	92	24	113	4¼	87	78	81½	7
Am. Locomotive	71¾	19	98¼	46⅝	141⅞	58	119⅞	101	101⅜	8
Do. Pfd.	122	75	109	93	124	96⅛	120¼	118½	†118	7
Am. Metal	..	..	..	..	57⅝	38¾	57⅜	49¾	†52	4
Am. Radiator	*500	*200	*445	*235	*345	64	120¾	109	112	4
Am. Safety Razor	..	..	..	..	76¾	*3½	63	48½	52⅞	3
Am. Ship & Commerce	..	..	..	..	47⅛	4⅜	11⅞	5½	9	..
Am. Smelt. & Ref.	105½	56⅝	123¾	50¼	144½	29¼	144¾	120	125½	7
Do. Pfd.	116¾	98¼	118⅞	97	115¼	63¼	117½	113	†113⅞	7
Am. Steel Foundries	74½	24⅛	95	44	50	18	46⅞	40¾	†43	3
Do. Pfd.	..	..	..	..	113⅛	78	115	113	†110¼	7
Am. Sugar Refining	136⅜	99⅞	126½	89⅛	143⅜	36	82¾	71¼	72¼	5
Do. Pfd.	133½	110	123½	106	119	67½	105	102	103½	7
Am. Sumatra Tobacco	..	..	145¾	15	120½	6	14⅜	10⅛	11¼	..
Do. Pfd.	..	..	103	75	120⅛	22½	..	..	..	..
Am. Tel. & Tel.	153⅜	101	134½	90⅜	145	92⅛	150¾	142⅜	146½	9

Price Range of Active Stocks

INDUSTRIALS—*Continued*

	Pre-War Period 1909-1913		War Period 1914-1918		Post-War Period 1919-1925		1926		Last Sale	Div'd $ Per
	High	Low	High	Low	High	Low	High	Low	3/17/26	Share
Am. Tobacco	*530	*200	*256	*123	*314½	82⅛	121⅝	112⅝	115¼	8
Do. Com. B	..	..	..	..	*210	81¼	120½	112⅛	114⅞	8
Am. Water Wks. & Elec.	..	..	..	..	*144	*4	74	48	53	1.20
Am. Woolen	40⅝	15	60⅞	12	169½	34¾	42⅞	29⅜	32⅛	..
Do. Pfd.	107¾	74	102	72½	111⅞	69½	89¾	74½	81	7
Anaconda Copper	54⅜	27½	105⅜	24¼	77⅞	28½	51	42	45½	3
Associated Dry Goods	..	..	28	10	*140½	46½	54⅞	43	43	2½
Do. 1st Pfd.	..	..	75	50½	102	49⅞	102½	99½	†95¾	6
Do. 2nd Pfd.	..	..	49½	35	108	38	108	107½	108	7
Associated Oil	..	..	*78¾	*52½	*142	24⅞	59½	44¾	58⅝	2
Atl. Gulf & W. Indies	13	5	147¾	4½	192⅝	9¼	68⅜	39⅝	43½	..
Do. Pfd.	32	10	74¾	9⅞	76½	6¾	56¼	43	†44	...
Atlantic Refining	..	..	..	..	*1575	78½	110	97	100	..
Austin Nichols	..	..	..	..	40⅜	8	28	20	21½	..
Do. Pfd.	..	..	..	..	95	50⅝	93	88	†84	7
Baldwin Locomotive	60¾	36½	154½	26⅝	156¼	62¼	136½	103⅜	107½	7
Do. Pfd.	107½	100¼	114	90	118	92	114	106	†106¼	7
Bethlehem Steel	*51⅝	*18¾	155½	59¾	112	37	50¼	40⅛	43	..
Do. 7% Pfd.	80	47	186	68	108	78	105	100	100⅛	7
Do. 8% Pfd.	..	..	110½	92½	116⅝	90	120	114	†114¾	8
Brooklyn Edison Electric	134	123	131	87	156½	82	146½	133½	†137	8
Brooklyn Union Gas	164½	118	138¾	78	*128	41	78¾	68⅝	72¼	‡4
Burns Brothers	45	41	161½	50	147	76	141¼	127	131	10
Do. B	..	..	..	..	53	17	44	32⅞	36	2
Butte & Superior	..	..	105¼	12¼	37⅞	6½	16¼	12¾	13	2
California Packing	..	..	50	30	136½	48¼	179½	128	130¼	‡6
California Petroleum	72½	16	42⅝	8	71⅞	15⅜	38⅛	30⅝	35	2
Central Leather	51¾	16½	123	25⅞	116½	9⅝	20½	11⅞	12⅞	..
Do. Pfd.	111	80	117½	94⅞	114	28½	68¾	50	50½	..
Cerro de Pasco Copper	..	..	55	25	67½	23	69¼	57½	62	4
Chile Copper	..	..	39¼	11¼	38⅜	7	36⅜	30	33½	2½
Chino Copper	50⅜	6	74	31⅜	50⅞	14¾	21½	16	†16½	..
Chrysler Corp.	..	..	..	..	*253	*108¼	54⅞	39	40	3
Do. Pfd.	..	..	..	..	111⅞	100⅛	108	103	†104½	8
Coca Cola	..	..	..	..	177¾	18	161½	132⅛	135¾	7
Colorado Fuel & Iron	53	22½	66½	20½	56	20	38¼	27⅜	32⅛	..
Columbia Gas & Elec.	..	..	54⅛	14¼	*114⅞	30¼	90	75⅝	78⅝	2.60
Congoleum-Nairn	..	..	..	..	*184⅜	15⅞	21¾	16⅛	17⅝	..
Consolidated Cigar	..	..	..	..	80	11⅜	68	55	58¾	..
Consolidated Gas	*165¼	*114½	*150½	*112½	*145¾	56¾	104½	90¾	93⅛	5
Continental Can	..	..	*127	*37½	*131¾	34⅜	92½	76	78¾	‡5
Corn Products Refining	26½	7⅜	50½	7	*160½	21½	43⅜	36¾	37¼	2
Do. Pfd.	98½	61	113½	58⅛	127	96	125	122½	†123	7
Crucible Steel	19⅝	6½	109⅞	12¼	278½	48	81½	67	70¼	5
Cuba Cane Sugar	..	..	76⅜	24⅞	59⅜	5⅝	11½	8⅞	†9⅛	..
Do. Pfd.	..	..	100½	77¼	87	13⅛	49⅝	41¼	†41½	..
Cuban-American Sugar	*58	33	*273	*38	*605	10⅞	30⅜	24¼	25	2
Cuyamel Fruit	..	..	..	..	74½	44	51	45¼	46⅛	4
Davison Chemical	..	..	..	..	81¼	20⅜	46¾	31½	33	..
Dupont de Nemours	..	..	..	..	271¼	105	238⅞	211	221	10
Eastman Kodak	*No Sales		*605	*605	*690	70	112⅜	107½	108¾	‡5
Electric Storage Battery	*64¼	*42	*78	*42¼	*153	37	79⅝	71⅛	77⅛	‡5
Endicott-Johnson	..	..	..	..	150	44	72⅝	66½	68	5
Do. Pfd.	..	..	..	..	119	84	118	114	†114¼	7
Famous Players-Lasky	..	..	..	..	123	40	126¾	103⅛	121½	8
Do. Pfd.	..	..	..	..	120	66	124	116½	†121	8
Fisher Body	..	..	43	25	*240	60¼	105¾	89⅛	94	4
Fisk Rubber	..	..	..	..	55	5½	26¼	14¾	18⅛	..
Do. 1st Pfd.	..	..	..	..	116½	38⅛	107	100	102½	7
Fleischmann Co.	..	..	..	..	*171½	*75	56½	42¼	43⅞	2
Foundation Co.	..	..	..	..	183¾	58½	179¾	99½	101¾	8
Freeport-Texas	..	..	70½	25¾	64⅜	7½	28¾	19⅝	24	..
General Asphalt	42⅞	15½	39⅜	14¼	160	23	73	50	70	..
General Cigar	..	..	..	..	115¼	47	118½	105½	†107½	8
General Electric	188½	129¾	187¼	118	337¼	109½	386½	302	318½	8
General Motors	*51¾	*25	*850	*74½	149¾	*8⅛	131¼	115¼	129	‡7
Do. 7% Pfd.	..	..	..	..	115	95⅛	115½	113½	115	7
General Petroleum	..	..	..	..	59⅛	38⅜	65⅜	49½	61¾	3
Goodrich (B. F.) Co.	86½	15½	80¼	19⅝	93⅜	17	70¾	60¼	63	4
Do. Pfd.	109¾	73⅜	116¾	79⅞	109½	62½	100	96½	†98	7
Goodyear T. & R. Pfd.	..	..	..	..	114⅝	35	109¾	101	105	7
Do. prior Pfd.	..	..	..	..	109	88	108	105⅜	106	8
Granby Consolidated	78¼	26	120	58	80	12	23½	18½	19½	..
Great Northern Ore Ctfs.	88½	25½	50⅜	22½	52¾	24⅞	27¼	24⅝	25⅜	1¾
Gulf States Steel	..	..	137	58¾	104⅝	25	93⅜	75	76¼	5
Hayes Wheel	..	..	..	..	52⅞	30	46	40⅝	42	‡3
Houston Oil	25½	8¼	86	10	116½	40½	72	59	63	..
Hudson Motor Car	..	..	..	..	139½	19½	123¼	103	109⅞	3
Hupp Motor Car	..	..	11¾	2½	31	4⅝	28⅜	17	22½	1
Inland Steel	..	..	..	..	50	31⅛	43½	37¼	†38½	2½
Inspiration Copper	21⅝	13⅞	74¾	14¼	68⅞	22⅛	26⅞	23	24	2
Inter. Business Mach.	..	..	52⅝	24	*176¼	*28¾	47	41¾	43⅞	3
Inter. Combustion Eng.	..	..	..	..	69½	19⅝	64½	40	45¾	2
Inter. Harvester	..	..	121	104	149⅝	66¾	134½	116¾	120¼	5
Inter. Merctl. Marine	9	2⅛	50⅝	⅝	67¾	4⅞	12⅜	8¾	†8⅞	..
Do. Pfd.	27⅝	12½	125⅝	8	128½	18½	46⅜	32	34	..
Inter. Nickel	*227¼	*135	57½	24½	48½	24¼	46¼	35⅝	36⅞	2
Inter. Paper	19¾	6½	75½	9½	91¾	27⅞	63⅜	48	†51	..
Kelly-Springfield Tire	..	..	85¼	36⅞	164	9¾	21½	15⅛	17¼	..
Do. 8% Pfd.	..	..	101	72	110	33	74¾	65¾	†65	..
Kennecott Copper	..	..	64¼	25	59¼	14⅝	58⅞	51¾	53⅜	4
Kinney (G. R.) Co.	..	..	..	..	103	35½	82⅛	65⅛	†69	4
Lima Locomotive	..	..	..	..	74⅞	52	69¾	58	61	4
Loew's, Inc.	..	..	..	..	44¾	10	41	34¼	39	2
Loft, Inc.	..	..	..	..	28	5½	11¼	7	9¼	..
Lorillard (P.) Co.	*215½	*150	*239⅞	*144½	*245	30¼	42¼	35¼	39¼	3
Mack Trucks	..	..	..	..	242	25½	159	117⅝	123¾	6
Magma Copper	..	..	..	..	46	26⅛	44⅞	38⅝	†40⅜	3
Mallinson & Co.	..	..	..	..	45	8	28⅛	18¾	23⅝	..
Maracaibo Oil Explor.	..	..	..	..	37½	16	28⅞	20¾	26	..
Marland Oil	..	..	..	..	60½	12⅛	60¼	51⅝	56⅜	4

New York Stock Exchange
Price Range of Active Stocks

INDUSTRIALS—*Continued*

	Pre-War Period 1909-1913		War Period 1914-1918		Post-War Period 1919-1925		1926		Last Sale	Div'd $ Per
	High	Low	High	Low	High	Low	High	Low	3/17/26	Share
May Department Stores	*88	*65	*97½	*35	*174¾	*60	137⅛	116¼	118	5
Mexican Seaboard Oil	..	..	..	..	34½	5¾	12⅝	6	9	..
Miami Copper	30¼	12¾	49¾	16½	32¾	8	13⅛	11	12⅛	1
Montgomery Ward	..	..	..	..	82½	12	82	67	69¼	..
National Biscuit	*161	*96⅛	*139	*79⅝	*270	35⅝	93¼	74	79	4
National Dairy Prod.	..	..	..	..	81⅞	30⅛	80	60¾	63¾	3
National Enam. & Stamp	30¼	9	54⅛	9	89½	18⅛	40⅛	28½	29	..
National Lead	91	42½	74⅝	44	174¾	63½	174¾	152¼	152¼	8
N. Y. Air Brake	98	45	136	55⅞	*145¾	26⅝	44¾	36½	†41	2
Do. Class A	..	..	..	..	57½	45⅛	60	55¼	†58¼	4
N. Y. Dock	40¼	8	27	9¼	70¾	15¼	45⅞	44	56½	..
North American	*87⅞	*60	*81	*38⅞	*119½	17½	67	47½	53	§10%
Do. Pfd.	..	..	..	..	50½	31⅞	50½	49	49¾	3
Pacific Oil	..	..	..	..	78½	27½	83⅛	53⅜	55½	3
Packard Motor Car	..	..	..	..	48½	9⅞	43⅜	33⅛	35⅞	2
Pan.-Am. Pet. & Trans.	..	..	70¾	35	140¼	38⅛	76½	60¼	66½	6
Do. Class B	..	..	..	..	111¾	34⅛	78⅜	62	67¼	6
Philadelphia Co.	59¼	37	48⅞	21½	68¾	26½	70¼	59⅛	62½	4
Phila. & Reading C. & I.	..	..	..	..	54¼	34⅛	48⅜	37⅝	40½	..
Phillips Petroleum	..	..	..	..	69⅝	16	49⅛	42⅝	44½	3
Pierce-Arrow	..	..	65	25	99	6⅛	43⅛	27	32¼	..
Do. Pfd.	..	..	109	88	111	13⅛	108⅞	86⅛	96	..
Pittsburgh Coal	*29⅜	*10	58¾	37½	74⅝	37¼	42⅛	36	†35½	..
Postum Cereal	..	..	..	..	*134	*47	124⅞	85	85½	4.40
Pressed Steel Car	56	18½	88¼	17¼	113¾	39	79¾	56½	59½	..
Do. Pfd.	112	88½	109⅛	69	106	67	95¾	82	88	7
Pub. Serv. N. J.	..	..	..	..	87⅞	39	92⅛	72	78⅝	5
Pullman Company	200	149	177	106½	173½	87¾	174	148	155	8
Punta Alegre Sugar	..	..	51	29	120	24¾	47	36½	36⅝	..
Pure Oil	..	..	143⅞	31⅞	61⅞	16¼	31	26⅜	27½	‡1½
Radio Corp. of Am.	..	..	..	..	77⅞	25⅞	46⅝	32½	36⅜	..
Railway Steel Spring	*54½	*22¼	*78½	*19	*182	67	68⅞	53¼	65	4
Do. Pfd.	113⅜	90¼	105½	75	122	92½	123	118⅜	†117¼	7
Ray Consol. Copper	27½	7½	37	15	27½	9⅞	12⅞	10½	11¾	..
Replogle Steel	..	..	..	..	93½	7¼	15⅞	10	11⅝	..
Republic Iron & Steel	49½	15¾	96	18	145	40⅛	63⅝	49⅛	54⅝	..
Do. Pfd.	111¼	64½	112⅝	72	106¾	74	95	92¾	†92	7
Royal Dutch N. Y.	..	..	86	56	123⅜	40⅜	57⅜	50	52¼	a1.34
Savage Arms	..	..	119¾	39⅞	108⅜	8⅞	102½	75	86⅞	4
Schulte Retail Stores	..	..	..	..	134⅞	88	138½	50	50	..
Sears, Roebuck & Co.	124¾	101	233	120	243	54¼	241⅞	195	198⅜	6
Shell Trans. & Trading	..	..	..	..	90¼	29⅛	48⅝	42¼	†43⅜	.96½
Shell Union Oil	..	..	..	..	28⅜	12⅛	28½	24	26	1.40
Simmons Company	..	..	..	..	54⅝	22	54½	44⅜	45¼	‡2
Simms Petroleum	..	..	..	..	28½	6½	28⅝	20¾	22⅝	1
Sinclair Consol. Oil	..	..	67⅛	25¼	64¼	15	24⅞	20½	22⅞	..
Skelly Oil	..	..	..	..	35	8⅝	32⅞	27	29¾	2
Sloss-Sh. Steel & Iron	94⅝	23	93¼	19⅛	143½	32⅛	136⅛	110	115	6
Standard Oil of Calif.	..	..	..	..	*135	47⅛	62¼	54⅛	56⅝	2
Standard Oil N. J.	*448	*322	*800	*355	*212	30⅞	46⅜	40¼	43½	1
Do. Pfd.	..	..	..	..	119⅛	100⅛	118⅜	116¼	117⅞	7
Stewart-Warner Speed	..	..	*100½	*43	*181	21	92⅞	72	85	6
Stromberg Carburetor	..	..	45¼	21	118¼	22⅛	77¼	66	73⅛	6
Studebaker Company	49½	15¾	195	20	*151	30⅛	61⅜	55	57¾	5
Do. Pfd.	98⅛	64½	119½	70	125	76	121	114½	†118	7
Tennessee Cop. & Chem.	..	..	21	11	17¼	6¼	16	12½	13⅛	1
Texas Co.	144	74½	243	112	57¾	29	54⅞	50	50¾	3
Texas Gulf Sulphur	..	..	..	..	121⅞	32⅝	142¾	119½	133½	10
Tex. & Pac. Coal & Oil	..	..	..	..	*275	30¼	19½	12⅛	14½	..
Tide Water Oil	..	..	225	165	195	5½	39¼	34¼	34⅝	1⅛
Timken Roller Bearing	..	..	..	..	59⅜	28½	56½	44⅞	52	3
Tobacco Products*	145	100	82⅜	25	115	45	110⅜	95¾	108¾	4
Do. Class A	..	..	..	..	110⅝	76½	113	103	111	7
Transcontinental Oil	..	..	..	..	62⅝	1¼	4¾	3	3⅝	..
Union Oil of Calif.	..	..	..	..	43⅜	33	46	37¼	43⅜	2
United Cigar Stores	..	..	*127⅞	*8⅜	*255	42½	99¼	8[illegible]½	95	3⅛
United Drug	..	..	90⅞	64	175⅛	46¼	167	136⅝	144	8
Do. 1st Pfd.	..	..	54	46	58⅛	36⅝	57⅝	55½	57½	3⅛
United Fruit	208½	126½	175	105	246	95¾	297	236	271	10
United Ry. Investment	49	16	27½	4¼	41	6	24⅝	19¾	21⅛	..
Do. Pfd.	77	30	49¼	10½	83¼	14	81½	65	68	..
U. S. Cast I. Pipe & F.	32	9¼	31⅞	7¾	250	10½	210¼	164	176	10
Do. Pfd.	84	40	67½	30	113	38	104	100¼	†101	7
U. S. Indus. Alcohol	57¼	24	171½	15	167	35¼	75½	49	53½	..
U. S. Realty & Imp.	87	49¾	63¾	8	*184½	17¼	71⅞	53	54	4
U. S. Rubber	59½	27	80½	44	143¾	22½	88¼	67	72½	..
Do. 1st Pfd.	123½	98	115½	91	119½	66½	109	104	106	8
U. S. Smelt., Ref. & Min.	59	30⅜	81½	20	78¼	18⅜	49⅞	40	†43	3⅛
U. S. Steel	94⅞	41¼	136⅝	38	139¼	70¼	138½	120	125⅞	5
Do. Pfd.	131	102½	123	102	126⅝	104	127⅛	124½	125¼	‡5
Utah Copper	67½	38	130	48⅛	111	41⅛	105	96	†95	5
Vanadium Corp.	..	..	..	..	97	19⅛	32¾	29	31¼	2
Western Union	86¼	56	105½	53⅜	144⅞	76	147⅜	134¾	141⅛	8
Westinghouse Air Brake	141	132½	143	95	144	76	128⅜	111⅛	114⅛	‡6
Westinghouse E. & M.	45	24¾	74⅞	32	84	38⅞	79⅛	66	71⅛	4
White Eagle Oil	..	..	..	..	34	20	29¾	26¼	27¾	2
White Motors	..	..	60	30	104½	29¼	90	73¾	76⅜	4
Willys-Overland	*75	*50	*325	15	40¼	4½	34	24⅝	26⅛	..
Do. Pfd.	..	..	100	69	123⅞	23	99	91⅛	97⅞	7
Wilson & Co.	..	..	84¼	42	104⅞	4⅛	5⅝	4	4	..
Woolworth (F. W.) Co.	*177⅞	*76½	*151	*81½	*345	72½	222	170	175⅞	‡4
Worthington Pump	..	..	69	23½	117	19⅞	44¾	26¾	28	..
Do. Pfd. A	..	..	100	85⅞	98½	65	80	74½	75	7
Do. Pfd. B	..	..	78¾	50	81	53¼	65	55	†55	6
Youngstown Sh. & Tube	..	..	..	..	92½	59¾	89⅞	75	76⅞	4

* Old stock. † Bid price given where no sales made. ‡ Not including extras. § Payable in stock. a Paid this year.

Securities and Commodities

Analyzed, Rated and Mentioned in This Issue

ANSWERS TO INQUIRIES

(*Continued from page 1026*)

costs were approximately 2.363 cents. Therefore, its margin of profit was about 0.333 cents per pound. Cuba Cane can just about keep its head above water with sugar prices as low as they are today, but it is estimated that an average price of 3.25 cents a pound must be received before the resumption of dividends on the preferred can be seriously considered. Net earnings in 1925 were equivalent to $1.47 a share on the senior issue. Trade conditions have brightened a trifle, but a greater improvement than appears in prospect is needed before one can become enthused over this stock. It appears to have merit only as an extreme long pull proposition.

ASSOCIATED DRY GOODS

Is the decline in raw cotton a good thing for Associated Dry Goods because it might stimulate trade and increase the company's income? I am assuming the company has not been accumulating cotton goods during the past six months when it was obvious that cotton was selling too high. What do you think of the market outlook for the common stock? About a year ago my stock cost me 57.—S. A. G., Newark, N. J.

The decline in raw cotton to which you refer will hardly have much bearing on the affairs of Associated Dry Goods. In the first place, the extent of the movement was not of major importance, and secondly, it did not bear due reflection in cotton goods prices. Analysis therefore must be based on past performances and visible prospects. Associated is in good financial condition and has working capital in excess of 14 millions. Consolidated cash account amounts to almost 5¾ millions. Its property and real estate account is constantly growing. Earnings of $4.73 a share on the common were reported in 1925, but if consideration is to be given undistributed equity in Lord & Taylor it actually earned nearer $5.50. This showing is in line with the progress made in recent years but appears well discounted marketwise. The stock appears to good advantage only as a long pull proposition. We would be inclined to give preference to Lorillard at this time.

NATIONAL ACME

I have been a stockholder in National Acme for several years, having bought my stock in 1923 at 15½. I understand the company is gradually eliminating its patents and goodwill from its assets and liquidating its inventories. Do you think it is getting into a bad position as a result of these policies?—J. F. S., Cleveland, Ohio.

National Acme appeared to decided advantage during the period of the war, but its record since that time has been very unsatisfactory. Prior to the deflation of 1920, this company did an annual business of over 15 million dollars. Depressed conditions in the following year caused a perpendicular drop to around 4 millions. The process

(*Please turn to page 1040*)

(*Continued from page 1038*)

of recovery has been slow and painful, and although the volume of sales is now around 10 millions, margin of profit is disappointingly slight. Net income of less than $600,000 in the late year hardly warrants expectation of higher prices for the stock. The last official balance sheet shows a woeful lack of liquid working capital. We see no advantage to be gained by retaining the stock.

INSPIRATION CONSOLIDATED COPPER

I have been a holder of Inspiration Copper for twelve years through good and bad years. Most of the time it has paid me a dividend and a good yield on my original investment. I wish you would tell me what you think of the market outlook for this stock, as I intend to get rid of it sometime this year. —K. F. M., St. Louis, Mo.

The values behind Inspiration Copper shares merit the respect of analysts, but one cannot escape the fact that this company is rather a high cost producer. Consequently, it appears to advantage only when copper metal prices are higher than usual. Inspiration has been only moderately successful from an earnings standpoint over a period of recent years. Net earnings of $1.53 a share in 1925 were somewhat of an improvement over the $1.44 of the preceding year, but certainly do not warrant enthusiasm. Should the long expected rise in copper stocks materialize these shares will doubtless participate to some extent, but just now they do not appear attractive. We prefer Kennecott, Magma or Cerro de Pasco. These companies are all low cost producers and can give a good account of themselves even when copper metal prices are sub-normal.

TOBACCO PRODUCTS

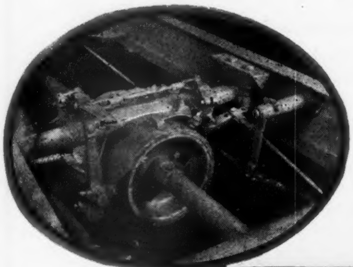
During a great part of last year I was led to believe the tobacco business was steadily improving, and that the tobacco companies were going to show unusual earnings, but the report of Tobacco Products showing that it earned less than in 1924, does not agree with these forecasts. What do you think is the outlook for the common stock, of which I hold 50 shares which cost me 68?—H. A. G. Washington, D. C.

Tobacco Products is primarily a holding company. While it is true that 1925 was an unusually profitable tobacco year, most of the profits accruing went to those companies directly engaged in the industry. Nevertheless, Tobacco Products has benefited, if indirectly. For instance, its stockholdings in United Cigar Stores have increased tremendously in market valuation. The income of the company is derived mainly from dividends on securities owned, and 2.5 millions annually from lease of trade marks to American Tobacco. While, as stated, conditions affecting its investment in United Cigar Stores have been very satisfactory, we see little in future prospects indicating that Tobacco Products common is undervalued at present prices. We believe you would be justified in accepting your satisfactory profits.

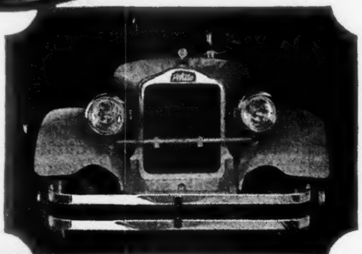
(*Please turn to opposite page*)

a NEW SMALL BUS

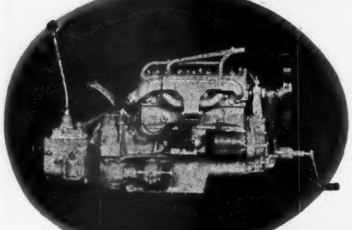
and it's a White



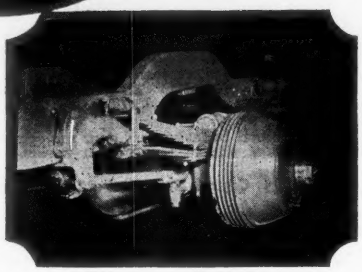
Safety Improved White type parking brake operates from the hand lever upon drums of special metal mounted on the drive shaft. The ribbed drums upon which the foot brakes operate are especially designed for long life in bus service. Brakes easily adjustable.



Beauty The radiator is built high with cast aluminum shell and the hood is streamline. Rounded one-piece fenders and nickel lamps, bumper and motometer make possible a bus of unusually attractive appearance.



Power The improved White engine assures abundant power for any purpose—instantly responsive. Oiling system is exclusively White. Carburetion with seasonal heat control. Exceptional fuel economy.



Comfort Progressive type rear spring construction assures riding comfort at all speeds with varied loads and on any kind of road. It prolongs body and chassis life and the method of suspension prevents sidesway.

Model 53—14 to 21 Passengers

The need has been growing among bus operators for a *small* bus with White power, White reliability, White ruggedness and White safety and comfort for passengers.

The White Company has built that bus. It's the Model 53—to carry 14 to 16 passengers with baggage and up to 21 passengers where no baggage is handled.

Now operators may get the benefit of White earning power on practically every kind of a bus operation. The Model 50-B will continue to be a steady earner where capacities of 25 to 29 passengers are required. The Model 53 will handle profitably the routes where fewer passengers are carried.

Model 53, like all Whites, has been built to stand up and to give reliable service at low cost over hundreds of thousands of miles. The chassis throughout is designed and built especially to meet the requirements of the small bus field.

Drop frame . . . . high radiator and streamline hood . . . . balloon tires . . . . improved White engine . . . . progressive type rear springs . . . . specially designed axles . . . . White exclusive brake design. . . . . Every requirement for comfort of passengers, for ease and simplicity of handling and for profit in operation has been anticipated in this Model 53.

White experience in the bus industry covers more than a quarter of a century. White service—quick, well done, at low cost—is available everywhere. White Bus Model 53 will give you what the thousands of White operators have learned to expect in a White—*the most money-earning miles.*

The chassis price is $4,250, f. o. b. Cleveland, freight and tax to be added. Terms may be arranged.

Write for complete specifications and delivery dates

THE WHITE COMPANY, CLEVELAND

Simplicity—Strength Wheelbase of 180 inches. Drop frame makes loading and unloading easy. Balloon tires, dual in rear. New instrument board. All parts readily accessible. Rigid eight-inch channel frame is reinforced by three large tubular cross members in addition to pressed cross members. Rear axle has double bearings of taper roller type at wheel ends of spindles. Improved front axle with center point steering especially designed for balloon tire equipment.

WHITE BUSSES

New Issue

$46,000,000

TIDE WATER ASSOCIATED OIL COMPANY

Convertible 6% Cumulative Preferred Stock

Preferred as to both Assets and Dividends

Dividends exempt from present normal Federal income tax

Dividends payable January 1, April 1, July 1 and October 1.

Redeemable in whole or in part at the option of the Company at $105 per share and accrued dividends

CAPITALIZATION

The Company has no mortgage or funded debt. Its approximate capitalization based on the acquisition by the New Company of 80% of Associated Oil Company stock and 75% of Tide Water Oil Company common stock, and including common stock sold or to be sold for cash, is as follows:

	Authorized	Outstanding*
Convertible 6% Cumulative Preferred Stock (Par $100)	1,500,000 shares	610,777 shares
Common Stock (no par value)	10,000,000 shares	4,469,577 shares

*The outstanding shares would be further increased through the exchange of stock of Associated Oil Company held by the depositaries and now in process of exchange under the offers.

There are now outstanding $22,547,000 12-Year 6% Notes of the Associated Oil Company and about $20,683,400 5% Convertible Preferred Stock of the Tide Water Oil Company, and in addition approximately $1,564,000 miscellaneous purchase money obligations of the latter Company. Sufficient Preferred Stock of the New Company has been authorized to provide for the retirement of the said outstanding Notes and Preferred Stock of both controlled companies.

For information regarding Tide Water Associated Oil Company and its Convertible 6% Cumulative Preferred Stock, we refer to the letter dated March 22, 1926 (copies of which should be obtained from the undersigned) from Mr. Axtell J. Byles, president, some of the items of which he has briefly summarized as follows:

BUSINESS: The Company has acquired or is acquiring under offerings previously made approximately 80% of the outstanding stock of the Associated Oil Company and approximately 75% of the outstanding Common Stock of the Tide Water Oil Company. In addition, the depositaries have on hand Associated Oil Company stock in process of exchange under the offers, which should increase such percentage substantially above 80%. Through these controlled companies it constitutes one of the best balanced units in the petroleum industry.

CONTROLLED COMPANIES: Associated Oil Company, organized in 1901, is one of the leading producing, purchasing, refining and marketing companies on the Pacific Coast; its products are also sold throughout the Orient and in South America.

Tide Water Oil Company, incorporated in 1888, together with its subsidiaries, comprises a complete unit owning producing properties in the Mid-Continent and Eastern fields, trunk pipe lines extending to the Atlantic Seaboard, refineries and distribution facilities. Its "Tydol" gasoline is sold extensively on the Atlantic Seaboard and "Veedol" lubricating oils are distributed nationally and internationally.

NET EARNINGS of controlled companies including their subsidiaries and affiliated companies after depreciation, depletion, etc., available for dividends on their respective common stocks, after making certain adjustments arising in connection with properties and interests in certain properties acquired as of January 1, 1926, were as follows:

1925 $17,698,094   1924 $10,986,086   1923 $9,237,326   1922 $9,593,092

The proportion of the above net earnings for the year 1925, applicable to the foregoing percentages of holdings in stocks of the controlled companies was equal to 3.78 times the annual dividend requirements on the Convertible 6% Preferred Stock to be presently outstanding.

The operations of the controlled companies combined have resulted in a profit in every year since organization.

ASSETS: Based on a valuation of $58.50 per share for the Capital Stock of Associated Oil Company and on the book value as of December 31, 1925 (Approximately $37 per share) for the Common Stock of Tide Water Oil Company, both of which are conservative bases, the proportion of the total net assets applicable to the above percentages of holdings in the controlled companies, is equal to over $270 per share on the new Preferred Stock.

FINANCIAL CONDITION: The balance sheets of controlled companies reflect a sound financial condition, the combined statement, as of December 31, 1925, showing a ratio of current assets to current liabilities of 4.58 to 1 and a net working capital position of over $58,000,000.

DIVIDEND RECORD: The Associated Oil Company is paying dividends on its Capital Stock, of $2 per share per annum (8%). Dividends have been paid continuously since 1913.

Tide Water Oil Company is paying dividends on both classes of its stock, the current payment on the Common Stock being at the annual rate of $1.50 per share. Dividends have been paid continuously on the Common Stock commencing with 1903 to date, except for one year.

It is the intention to inaugurate dividends on the Common Stock of the New Company at the annual rate of $1.20 per share.

CONVERSION PRIVILEGE: The Preferred stock is convertible at any time on or before July 1, 1936 at the option of the owner into the Company's Common Stock at $50 per share; that is, each share of Preferred Stock is to be exchangeable at the holder's option for two shares of Common Stock. The charter provides for the protection of the conversion price in the event of a stock dividend or under certain other conditions specified in the charter.

PROPERTIES: Over $100,000,000 has been expended by the controlled companies and their subsidiaries and affiliated companies for property and development during the years 1920-1925. Total lands owned, leased or holdings of interests in leases aggregate about 682,000 acres, from which net production in 1925 was 21,336,982 barrels coming from about 8,400 wells; transportation facilities include pipe lines with 181,500 barrels daily capacity, a tanker fleet with 975,955 barrels carrying capacity; and 1,712 tank cars; the companies own refineries and topping plants having a daily capacity of 128,000 barrels and 349 marketing stations.

It is expected that application will be made to list the Preferred and Common Stock of the New Company on the New York Stock Exchange.

All offerings are made "when, as and if" issued and received by us and subject to approval of proceedings by counsel. Interim Receipts or Temporary Certificates deliverable in the first instance. The dividend on the Preferred Stock accrues from April 1, 1926.

The legal proceedings in connection with this issue are being passed upon by Messrs. Cravath, Henderson & de Gersdorff.

A copy of the provisions governing the rights and preferences of the Preferred Stock will be furnished upon request as soon as available, and reference thereto is made for all details.

Price $97½ per share

Blair & Co., Inc.

Brown Brothers & Co.
Blyth, Witter & Co.

Hayden, Stone & Co.
Mitchell, Hutchins & Co.
Incorporated

Anglo London Paris Company
San Francisco

The statements presented above, while not guaranteed, are obtained from sources which we believe to be reliable.

CERRO DE PASCO

I have 20 shares of Cerro de Pasco, for which I paid 47. Would you recommend the closing out of it around present prices, or are the copper stocks really going to do something this year?—C. A. W., San Francisco, Calif.

In our opinion, Cerro de Pasco stock should prove a satisfactory holding over a reasonable period of time. Thus far, conditions in the industry have been rather poor, but we believe a basis exists for optimism regarding the future. Demand for copper, the metal, has been disappointingly slight, but it is encouraging to note that stocks in the hands of consumers are very low. Sooner or later they must come into the market in heavy volume. Add to this a heavier foreign demand in prospect and the situation becomes a little more encouraging than appears on the surface. In the meantime a fair income return is afforded in Cerro de Pasco, and earnings are sufficient to cover requirements comfortably. We see no reason for haste in disposing of your holdings.

OUTLOOK FOR BONDS GROWS MORE FAVORABLE

(*Continued from page* 998)

What Will Tax Exemption Mean?

Marketwise, one of the most important questions as to the future of bonds is raised by the new tax law. The reduction in surtaxes, as well as in normal tax, diminishes the comparative attractiveness of tax-exempt bonds. That is to say, if a man with an income of $200,000 a year previously found that a 4.15% municipal bond was a better investment for him than a 4.90% utility bond, the municipal bond might now have to yield 4.35% to be similarly attractive. Hence, tax-exemption has been construed bearishly with reference to tax-exempt securities, but admittedly all students are agreed that tax changes are bullish as far as taxable bonds are concerned. It is an important index of the strength of the bond market, however, that government bonds do not seem at all to be affected by this serious change in their tax attractiveness. From an orgy of issues, municipal offerings have declined to a point where they do not satisfy even the present reduced appetite of those who must have tax-exempts. Hence, it may be believed that while municipal bonds will show the least improvement of any group, the smallness of the supply of new issues will result, if anything in an enhancement of their price, and not, as some believe, in a decline in their price.

Supply of Bonds Not Likely to Increase

Bonds, after all, are subject to the same economic laws as any other articles that command a market. A smallness of supply, accompanied by an increasing demand, will, of necessity, send the price up. New offerings for

the first part of this year have been rather small in comparison to the eagerness of the demand. No one expects any very heavy volume of railroad bond financing in 1926, and generally there is no reason to assume that industrial issues in 1926 will equal or surpass those in 1925. The utilities appear to be hesitant in making new offerings. Bond-hunger will partly be unsatisfied in 1926 and this market factor in addition to changes in the tax law, will assist the fundamental bullish trend in bonds. Opinion may also be hazarded that the recent violent fluctuations in stocks will find the more wary investors increasingly attracted by safe bonds rather than by hopeful stocks.

Should Bonds Be Preferred to Stocks?

For many years, THE MAGAZINE OF WALL STREET has been a pioneer in maintaining the desirability of common stocks for long term investment. It would seem on the face of it, as though the present indicated strength in bonds as against the more uncertain position of stocks would reverse this position, but fundamentally there is no reason for the bond crowd to crow. If the United States were a nation like France in which industrial growth was comparatively slow, then bonds would undoubtedly be in an absolutely superior position. That is to say, the profits to be made out of the gains in capital value in bonds would be larger than the possible profits to be made out of the growth of any industrial at a time when interest rates were declining. But in the United States, where sheer volume of business increases in magnitude, even in a time of declining commodity prices, stocks, intelligently selected, will remain extremely attractive, even at a time when bonds are advancing. From 1873 to 1897 most of America's great trusts took shape, and the shareholders in these enterprises benefited far more by their growth than did the bondholders.

What Shall the Investor Do?

Strange as it may seem, the most certain profits in bonds will probably be in the best class. To confine one's self, say, to the very best bonds of operating public utilities will undoubtedly be the high road to money making. The reason is simple. Since the principal basis for an increase in bond prices is found in the interest rate, it follows that insofar as a bond reflects pure interest rate and no other factors, in that proportion can one be sure of its rising to higher levels. On the other hand, bonds having a very high yield because of uncertain earnings may always be more adversely affected by other factors than they will be benefited by the tendency to an increase in the interest rate.

For the investor there is a straight path ahead. Buy the best bonds, don't be scared by their low yields, and continue to place part of your funds in solid stocks. Common-sense of the good old-fashioned kind is what the investor most needs today.

Keep Posted

The books, booklets, circulars and special letters listed below have been prepared with the utmost care by business houses of the highest standard. They will be sent free on request, direct from the issuing house. Ask for them by number.

We urge our readers to take full advantage of this service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

LET YOUR MONEY EARN 6%

If you are a small investor, you cannot afford to risk your money in speculation. Place it in shares of one of the safest building and loan associations. Send for their booklet No. 293.

44 YEARS WITHOUT LOSS TO ANY INVESTOR

The well-known firm of investment bankers who bring out this booklet have endeavored in the 1926 edition to present a comprehensive story of the business methods which for 44 years have insured the safety of all their underwritings to the end that no investor has ever suffered a loss or been compelled to wait even a single day for the payment of principal and interest upon his securities. (217)

ODD LOTS

A well known New York Stock Exchange firm has ready for free distribution a booklet which explains the many advantages that trading in odd lots offers to both small and large investors. (225)

HOW TO GAIN INDEPENDENT MEANS AND A LIFE INCOME

Presents the details of eleven plans whereby the investor can acquire financial worth of from $3,315 to $66,719 by the systematic investment of from $10 to $100 monthly. Figures verified by Haskins and Sells, Certified Public Accountants. For a free copy of this booklet, ask for 344.

CREATING GOOD INVESTMENTS

This 8-page booklet, issued by one of the largest first mortgage real estate bond houses, shows you how to "check up" first mortgage real estate bonds. Send for (264).

A QUESTION ANSWERED

An extremely interesting illustrated booklet explaining how a stock exchange firm handles out of town business. It shows how orders are treated from the time the letter arrives to the final placing of the certificates purchased. (278)

"RULES FOR SAFE INVESTMENT"

Knowledge gained over a long period of years makes it possible to determine whether a given spot in a city will have a growth in property value which will be steadily increasing. This is only one of the important factors of safety of Real Estate Bonds which are explained in this booklet. Ask for 327.

HOW TO JUDGE SOUTHERN MORTGAGE BONDS

This free booklet contains the net of this old-established Company's experience in the First Mortgage Investment Field in the South. Ask for (302).

ATLANTA

If you are interested in locating your business in the industrial headquarters city of the South, the Industrial Bureau of Atlanta is ready to prepare a special confidential survey strictly applicable to your own business. Write for full information to 368.

BUILDING AN ESTATE

A man with or without dependents owes it to himself to create a fund which will take care of him in comfort after his productive days are over. This booklet shows you just how to go about building an estate. Ask for 307.

BOND RECORD

A convenient record book for listing bond holdings, interest payments, profits, etc. Title heading of book, "My Investments." A limited number is being distributed gratis by a leading Bond House. (285)

8% AND SAFETY

Write for the latest edition of this attractive booklet, which explains how first mortgage real estate bonds are underwritten and protected and also describes an investment that will well repay your thorough investigation. Ask for 322.

THE FORMULA FOR WEALTH

The conservative plan explained in this simply-written booklet, if followed, will surely lead you to wealth. Ask for 351.

WHAT WILL MOTOR SHARES DO IN 1926?

(*Continued from page* 1011)

stocks, Packard is not especially inviting at this time.

PAIGE-DETROIT MOTOR CAR

Through the introduction of the new day Jewett and a lower priced Paige model, this company is making an effort to enlarge its volume more into the quantity production class. In February output was 5,485 cars against 3,579 in the same month a year ago and it is planned to bring March output up to 8,700.

Earnings in 1925 were $3.39 a share on the common stock compared with $2.37 a share in 1924. At the end of the year cash and equivalents were 2 millions against 5.5 inventories and 4 million current liabilities. There is a one million funded debt and 2.2 million preferred stock outstanding ahead of the 676,474 shares of common.

While Paige-Detroit is well established and is offering a distinctive line of cars, its financial and trade position perhaps is not as strongly entrenched as that of some of its further developed competitors. The common stock, paying $1.80 per annum, must be regarded as one of the more speculative motor issues; but, if the venture into quantity production is signally successful the stock has possibilities. Those who hold the shares should watch the progress of the new Paige and Jewett lines and thus get an idea of the company's possibilities. *In other words, Paige-Detroit stock is now in the neutral zone.*

PIERCE-ARROW MOTOR CAR

By eliminating bank loans, retiring the prior preferred stock and reducing the amount of debentures outstanding, Pierce-Arrow last year made definite progress toward dividend resumption on the 100,000 shares of $8 cumulative preferred stock on which accumulations now amount to over $38 a share. The company is probably earning more than in 1925 when net after liberal deductions for depreciation and other items amounted to $15.46 a share on the preferred. Pierce-Arrow is one of the leaders in the bus field and makes a good line of trucks in addition to producing high grade passenger cars. It is out of the quantity production class, but occupies a well defined field in which trade position has been maintained through all the financial vicissitudes of the past six years.

At the end of December current assets were 12.7 millions against 2.2 million current liabilities. Apparently dividends could be resumed on the preferred most any time, although it is possible that the directors may see fit to make further reductions of funded debt first. At around 91, the preferred

stock is selling at 53 ex-accumulations. It has good speculative possibilities, though it is doubtful whether the preferred accumulation ever will be paid off in cash; some kind of a plan, however, might be devised to eliminate the arrears through issuance of additional securities.

WILLYS-OVERLAND COMPANY By introducing an entirely new line of cars, reducing the number of models produced and cutting overhead Willys-Overland in the past three years has developed from a purely speculative position to a point where the dividend on the preferred stock is well protected and the common is a promising dividend candidate. Through the Overland four, the Overland six, the Willys-Knight light six and the other Willys-Knight models, the organization now has a line of cars which fit almost any purse. Production is being pushed in the medium priced lines, and the company seems to depend less on the more competitive low priced four-cylinder Overland than formerly for its profits. The four-cylinder Knight line has been abandoned.

On the basis of the present capitalization, after giving effect to the issuance of common stock distributed to holders of preferred in the elimination of the preferred dividend accumulation, Willys-Overland earned about $5 a share last year. Net profits would have been larger had not the cost of developing the new Knight model been charged to fourth quarter earnings. This year's earnings, in the first half at least, should be larger, since the Overland six will be in production for the entire period and the new Knight model is being well received. At the end of last September cash holdings were 22.4 millions against 25.5 million inventories and 15 million current liabilities.

The preferred stock, with its protective retirement provisions and big per share earnings would seem to be worth more than the current price of around 96 as a semi-investment. The common, although essentially speculative, probably will go on a dividend basis sometime this year. *At around 27 it looks like a fairly attractive speculation. With present conservative policies in force, there should be little danger of Overland's securities falling back into the highly speculative category from which they so recently have emerged.*

STUDEBAKER CORPORATION Studebaker is one of the more integrated automobile producers, making practically all the parts which go into the car at its own South Bend factories. The company is conservative in its engineering methods and aims at the production of a substantial and servicable product, following the policy of constant improvement but no yearly models. There is an issue of 79,850 shares of $7 cumu-

lative preferred outstanding ahead of the 1,875,000 shares of common which pay $5 per annum in regular cash dividends and occasional extras. The common stock has not missed a quarterly dividend period since 1914, and since 1918 the rate progressively has been increased.

Net earnings last year were $8.55 a share on the common against $7.02 a share in 1924. At the end of December cash and equivalents were 13.6 millions against 29.1 million inventories and 8.6 current liabilities. But for the deduction of a 3 million reserve for contingencies, 1925 net profits would have been larger.

At around 57, Studebaker common offers a dividend yield of 8.8% without including possible extras. This makes the stock look decidedly attractive in view of the company's unquestioned trade standing, good earnings and sound financial status. As a substantial stock, to be held for dividends, Studebaker perhaps is as attractive as any of the motors at current prices. *The stock is by no means as speculative as the dividend yield would indicate, and the company is one of those which is so well established that it could stand any probable troubles which the motor industry may experience in the next year or so, probably without decreasing its dividend rate.*

OPPORTUNITIES NOW OFFERED BY ANTHRACITE COAL SECURITIES

(*Continued from page* 1024)

are mined together. It costs as much to produce a small size as it does a large size of coal but the egg, stove and chestnut sizes are sold for about six times the price realized for the barley size. These small sizes are all sold at a loss, and the greater the proportion of them the greater the loss.

Of the coal companies listed above, the most attractive to me, considering the price at which their stock is selling and their prospects for the future, are the *Glen Alden Coal Co.* and the *Lehigh Valley Coal Co., both of whose stocks are traded in on the N. Y. Curb market.*

Glen Alden Coal Co. recently acquired the stock of the Delaware, Lackawanna & Western Coal Co., the distributing company for their coal, on an even exchange basis of one share of their stock for one share of Delaware, Lackawanna & Western's stock. Conditions seem to indicate the declaration of a stock dividend by Glen Alden, of possibly 50%, in the not far distant future. Quoted at 146 per share and paying $7 a year in dividends, which is only about half their earnings, this would net about 5%. This low return, in itself, indicates that there is something favorable in prospect for the shareholders. If a 50% stock dividend were declared and the present dividend continued on the new shares, the re-

turn would be about 7%, a splendid return for a stock with the earning power of Glen Alden. In 1924, this company earned $12 a share on the 846,000 shares outstanding. The acquisition of the stock of the Delaware, Lackawanna & Western Coal Co. required that their outstanding stock capitalization be increased to 1,168,693 shares.

The stock of the *Lehigh Valley Coal Co.* is pledged under the general and consolidated mortgage of the Lehigh Valley Railroad Co., maturing in 2003. Finished stock certificates cannot be issued until that time, William Potter, Esq., and the Girard Trust Co. of Philadelphia having been appointed trustees and certificates of interest issued in this stock. Lehigh Valley Coal Co. has acquired control of the leaseholdings of the valuable Dorrance Estate coal properties in the Wyoming district. The stock of Coxe Brothers & Co., Inc., which is owned by the Lehigh Valley Railroad Co., and which the court had directed must be disposed of by February 1, 1926, but the disposal of which was permitted to await more favorable conditions after the settlement of the anthracite coal strike, is also in line to be purchased by the Lehigh Valley Coal Co.

This property has been operated largely in connection with the Lehigh Valley Coal Co.'s own mines and it seems likely that they will be given the opportunity to purchase Coxe Brothers, which is almost as good an earner as Lehigh Valley Coal Co. For the five years preceding 1923, according to the U. S. Coal Commission's report, Coxe Brothers' earnings per share averaged $1.05 a year on the 1,212,160 shares of Lehigh Valley Railroad Co. and $1.15 in 1924. An offer by Lehigh Valley Coal Co. to the Lehigh Valley Coal Sales Co., the distributing company for the coals of the Lehigh Valley Coal Co. and Coxe Brothers, to acquire their stock, following the precedent set by Glen Alden, would seem logical to anticipate and effect economies.

Lehigh Valley Coal Co. deferred their dividend payment in December on account of the suspension in mining, but with mining resumed, there is no reason to doubt the resumption of dividends again within the next six months at the old rate of $2.50 per share annually, the earnings always having been sufficient to more than cover this dividend.

In 1923, this company earned $3.70, and in 1924, $3 on each of their 1,212,160 certificates of interest. On a dividend rate of $2.50 annually, at the present price of 38, would net 6½%, which is a good return on this stock without any consideration of the favorable developments pending. Lehigh Valley Coal Sales has 196,029 shares of stock outstanding of $50 par value and on which they pay $8 per share. If an offer for exchange of stock were made by Lehigh Valley Coal Co., the present quotations of 38 for their certificates of interest and 84 for the stock of the Lehigh Valley Coal Sales Co. would seem to indicate two of their certificates of interest for one share of Lehigh

Valley Coal Sales Co. stock. This would increase the outstanding certificates of interest to 1,604,218.

Adding the net earnings of $3,142,456 for Lehigh Valley Coal Co., about $2,000,000 for Lehigh Valley Coal Sales Co. (estimated, no report having been issued by this company for 1924), and $1,344,703 for Coxe Brothers, would make a consolidated net income of $6,487,159, and with the economies effected through consolidation, would probably show about $6 earned on each certificate of interest and on which a $4 dividend payment would seem reasonable. *If this consolidation should be consummated, on the above earnings, a price of 70 for these certificates of interest would not be out of line.*

The Hudson Coal Co.'s 1924 net earnings of $6,980,378, equivalent to about $14 a share on the 425,030 outstanding shares of the Delaware & Hudson Co. was a splendid showing, but before too much enthusiasm is exhibited it is important to know whether these earnings are likely to continue. The Hudson Coal Co., whose mines are located in the vicinity of Carbondale and Wilkes-Barre in the Wyoming district, is a subsidiary of the Delaware & Hudson Co. In 1904, this company estimated its mineable tonnage at 218,644,286 tons of coal. This was 21 years ago. In 1924, this company produced 9,254,240 tons of coal. At an average yearly production rate of 9,000,000 tons, this tonnage would be depleted to the extent of 189,000,000 tons in 21 years. Deducting this depletion from the estimated tonnage in 1904 would leave about 30,000,000 mineable tons or enough coal, at the present rate of production, to last about four years. In 1906, a large tract of potential coal land in the Schuylkill district, estimated to contain about 500,000,000 mineable tons, was purchased by this company against depletion in the Wyoming district. This would be enough coal to last over 50 years at the present rate of production, but when mining operations are started on this tract in the Schuylkill district mining conditions will be vastly different and this company will have to contend with the mining difficulties encountered by the Philadelphia & Reading Coal & Iron Co.

The stock of the Lehigh & Wilkes-Barre Coal Co. is closely held and not available to the trading public. However, net income reported for 1924 for tax purposes was $6,732,282 which would be equivalent to earnings of over $15 per share for this company.

"Imagination rules the World."
—NAPOLEON.

Does Scientifically Correct Electrical Refrigeration Command National Demand ?

How deep-rooted is public consciousness of its desirability ? Does this undeveloped industry now offer opportunity for unordinary profit ?

There were in use on electric current in the United States, as indicated by Census estimates, January 1st, 1925, 9,894,000 Flatirons; 3,108,600 Toasters; 1,816,800 Percolators; 2,628,300 Fans; 1,320,700 Heaters and Radiators; 4,148,600 Vacuum Cleaners; 2,642,600 Clothes Washers; 167,020 Ironers; 304,500 Ranges; 87,810 Water Heaters; but only 66,960 Electrical Refrigerators.

Each year, while an astonishing number of appliances find ready sale, there is little danger of a saturation point, due to increased population's demand for new homes. In 1921, 75% of wired homes lacked major appliances. By 1924, the number of such homes had risen to 80%, and a month ago, to 82%. So far is this market from being saturated, that excellent authority estimates that over 4,000,000 more elecrical irons could be sold before even approaching a danger area of saturation.

By virtue of a quarter century of research and experimentation, much of it in the realm of pure science, a single concern in this industry has now attained the heretofore seemingly unreachable goal of scientifically correct Electrical Refrigeration.

It is a matter of weeks until due recognition of an achievement so outstanding is being discussed at breakfast tables throughout the nation. Today, the reins of leadership in this industry are in their hands. Their success is beyond the stage of probability—it is an undoubted certainty. This is the only concern that can point to installations in service longer than the business life of a single competitor.

Naturally, to their aid has come the formation of the most aggressive of sales policies and provision for most enviable manufacturing facilities. Naturally, too, is the presence, at this threshold of their expansion program, of a most excellent opportunity for the investor possessing imagination, and the faculty for quick decision after the facts evidence both the soundness of this industry and the certainty of their retention of supremacy.

An interesting pamphlet has been compiled, surveying electrical refrigeration as an industry, and describing the fortunate position one industrial leader enjoys, particularly in respect to the exceptional possibilities for profit in the stock. A copy will be sent you on request.

KANE, BROOKS & CO.

7 Wall Street **New York City**

INSURANCE DEPARTMENT

(*Continued from page* 1021)

new policy back to the date of issue of the original policy, or by dating the Endowment as of the attained age (in your case, age 33). Full particulars will be given you by the company when you apply for the change.

In taking the 30 Year Endowment, you will build up a thrift fund which will be payable to you in your 63rd year—a time of life when most men wish to take things a little easier. At that time the proceeds of your Endowment could be used to purchase a life annuity. According to present annuity schedules, the annual income derived from each $1,000 of purchase price at age 63 represents a return of over 10%.

Is My Insurance O. K.?

Insurance Editor:

As a regular reader of your department, I come with my question.

My wife and I are 40—no children—married 10 years. Am employed by an industrial corporation; salary, $5,000 per year. Income from stock of the company I work for, $5,000 per year. Stock acquired from my savings and has appreciated in value greatly in past ten years. Company is well managed, manufactures a basic commodity. Also have some bonds. Carry $10,000 life insurance—20 payment, maturing at age 63, 64, 65, 66 and 68—$2,000 each year.

Carry two $5,000 accident policies. Live on my salary and save the income.

Would it be an advantage to take out or carry more insurance, and if so, what kind? My savings are being invested in preferred stocks, bonds, etc., per B. Y. F. I.

Very truly yours.—W. J. Z.

You are carrying $10,000 life insurance with limited premiums that will be paid-up policies beginning with your 63rd and ending in your 68th year. In this way your old age will be free from these obligations.

You will bear in mind, however, that the readjustment expenses following the death of the breadwinner are apt to run high in these days. In event of your death following an illness running over some weeks' duration, there would be medical, nursing and other expenses against your estate, and with the consequent changes that come in the family life at such time, it is quite possible that your beneficiary might find that almost half of the proceeds of the $10,000 policy would be absorbed in settling the estate and adapting herself to the changed conditions.

Life insurance proceeds are payable *immediately* upon the death of the insured—often within twenty-four hours after receipt and approval of claim. This means ready *cash* at a time when it is most needed. I would, therefore, suggest that you increase your present coverage by about $10,000 additional insurance, placed on the 25 Payment Life plan. All premiums would be paid up on this policy in your 65th year. If at that time you are in good health, and do not feel that the protection is longer required, you could apply the cash surrender value of your insurance toward the purchase of a life annuity—in this way supplementing your old age income and obtaining added comforts in the sunset years of life. If the annuity

were purchased as income on your own life only, the return (according to present average figures) would be about 10%—that is, for each $1,000 applied to purchase an annuity for a man age 65, the annual income for life thereafter would be about $110. If the purchase were in the form of a Joint and Survivor Annuity for yourself and your wife, when you are both age 65, the return would be somewhat less, since two lives are taken into consideration, and the income is paid during the life of both and throughout the life of the survivor of the two.

A policy on the 25 Payment Life plan, taken at age 40, would cost approximately $280 for $10,000, on the non-participating plan. The premium in a participating company would run about 20% higher in the early years of the policy, but there is an annual dividend reduction, which brings the *final* cost under both plans to about the same amount.

HOW DID YOU COME THROUGH THE BREAK?

(*Continued from page* 1819)

six steps in his financial education and was fairly familiar with securities. He had a savings account, insurance, a home on which he paid all that he considered "good business" to pay, a good scattering of sound bond investments, some preferred stocks and common stocks of investment grade owned outright.

Shortly after the start of the year he had closed out his comparatively inactive margin account because "it took too much of his time" according to his explanation but I suspect that he feared a break in the market sooner or latter and decided to close out his positions in speculative stocks while he had a profit. Even his speculative transactions were made with the same spirit of cautiousness that characterized his other investments. He avoided the speculative favorites which move on technical position rather than on intrinsic value and investigated his contemplated commitments instead of depending on what somebody else "heard was a good thing." He fortified himself with adequate margins to start with and was prepared to advance more if necessary. Even though he had kept his "open account" going, the recent bear raid on the market would not have effected him materially.

No wonder he showed little concern when Wilson asked:

"How did you come through the break?"

I am telling this story because it seems to me that a great part of the investment world is made up of these two types of investors. I wonder how many of the thousands that will read this are Wilsons and how many are Thomas's?

State and Municipal Bonds

Suitable for Bank Investments

HIGHER-GRADE MUNICIPALS

	Rate	Maturity	Approximate Yield
California	4¼	July, 1957	4.10%
Illinois	4	May, 1941	4.00
Michigan	4	July, 1944	4.00
Minnesota	4¼	February, 1944	4.10
Missouri	4¼	March, 1936	4.05
North Dakota	5¼	January, 1949	4.60
Oregon	4½	April, 1937	4.20
West Virginia	4	January, 1950	4.10
Baltimore, Md. Reg.	4	October, 1940	4.05
Bayonne, N. J.	4½	January, 1933	4.25
Buffalo, N. Y.	4	June, 1957	4.00
Camden, N. J.	4¼	Sept., 1952-62	4.15
Chelsea, Mass.	4	1936	4.00
Chicago, Ill.	4	1937-9	4.00
Cleveland, Ohio	4¼	March, 1939	4.10
Denver, Colo.	4½	1940-45	4.10
Detroit, Mich.	4½	1938-54	4.15
Grand Rapids, Mich.	5	1926-34	4.15
Los Angeles, Calif.	5	1942-5-51	4.45
Louisville, Ky.	4	July, 1937	4.00
Milwaukee, Wis.	5	July, 1937-8	4.10
Minneapolis, Minn.	4	January, 1935	4.10
New Haven, Conn.	4¼	1940	4.05
Paterson, N. J.	4½	February, 1945	4.20
Pawtucket, R. I.	4½	1950	4.20
Portland, Me.	4	1936	4.00
Providence, R. I.	4	July, 1956	4.00
San Antonio, Texas	5	1931-59	4.35
San Diego, Calif.	5	1931-66	4.50
San Francisco, Calif.	4½	July, 1941	4.35
St. Paul, Minn.	4¼	July, 1954	4.10
Trenton, N. J.	4	1939	4.10
Youngstown, Ohio	5¼	October, 1932	4.30

Average Yield, 4.15%

All of the bonds listed are legal for savings banks investments in the three states of New York, Connecticut and Massachusetts. All three have extremely rigorous standards with reference to State and Municipal bonds, but it appears that their standards differ, and it has been found that the combined requirements of the three states ensure the utmost in safety. No town with less than 25,000 inhabitants has its bonds represented because, as a rule, their marketability is inferior. Every effort has been made to exclude bonds subject to local taxation. This list will be revised constantly, on the basis of yield. It is felt that the yields obtainable are as high as possible in view of the strict requirements. Municipal yields are unchanged from last month despite changes in the federal tax law.

A VICTORY FOR THE SMALL STOCKHOLDER

(Continued from page 987)

quate in the aggregate, but unsatisfactory also in asking the stockholders to surrender half of their equity in future earnings for a security with limited return.) *A new arrangement such as this—which represents, of course, only an individual view—would make Chesapeake common worth upwards of* $150 *per share.* The writer believes that apart from all merger developments, the exhibit of Chesapeake during recent years would fully justify this figure.

The increase in the Pere Marquette dividend has more than offset the severely adverse initial influence of the merger denial. With earnings last year of $11½ and a $6 dividend rate, the common stockholders may face future developments with equanimity.

The position of the Erie issues is, of course, not nearly as strong, especially that of the common stock, which reported only $3.70 earned last year on account of the smaller dividends received from the coal properties. But the market decline from 40 to 25 amply reflected its less favorable status, nor can the stock be called unduly high at the current level of 30. Erie 1st preferred is properly establishing a level above the second, and since the way is now clear for a dividend on this issue, holders of these shares will in the end have suffered comparatively little.

Now that Chesapeake & Ohio has just increased its dividend and has thus followed Pere Marquette's dividend example, the result will, of course, be favorable to their stockholders, but is likely to complicate the merger situation still further. Whether the commission will permit an increase in the Chesapeake & Ohio ratios without some compensating reduction elsewhere, and whether on the other hand the Pere Marquette directors, having raised the common dividend, may now claim more liberal terms for their stockholders, it is difficult to forecast. With the steam roller out of commission, the Van Sweringens are likely to find a second Nickel Plate Plan a more arduous undertaking than the first. Indications are not wanting of a possible withdrawal of the banking support so indispensable to the execution of their project. Hence the public should not be surprised to find some other important mergers actually consummated while the fate of the greater Nickel Plate is still in doubt.

Important Dividend Announcements

THE past fortnight has been replete with important financial developments. Most notable among these, however, has been the rejection of the Nickel Plate Merger by the Interstate Commerce Commission. The failure of the commission to approve the consolidation led to a spree of dividend increases and extras to the stockholders of the roads which were the nucleus of the proposed new system. Chesapeake raised the rate to $8 and declared an extra of $4; Pere Marquette was also generous, increasing the annual disbursement to $6 and further gratified its stockholders by adding an extra of $2. Dividend raises occurred also among industrials: Marlin Rockwell placed its common stock on $2 basis; and Tobacco Products exhibited a $1 increase from $6 to $7. This record was marred, unfortunately, by the omission of the common dividend of National Cloak & Suit Co.

Note—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Ann'l Rate		Amount Declared		Stock Record	Payable
$4	Air Reduction	$1.00	Q	3-31	4-15
$6	Am. Gas & Elec. pf.	$1.50	Q	4-10	5-1
8%	Am. Typefounders cm	2%	Q	4-5	4-15
7%	Am Typefounders pf.	1¾%	Q	4-5	4-15
$2.48	Assoc. Dry Goods	$0.62	Q	4-10	5-1
7%	Austin-Nichols pf.	1¾%	Q	4-15	5-1
$4	B'klyn-Manh. cm.	$1.00	Q	4-1	4-15
$6	B'klyn-Manh. pf.	$1.50	Q	4-1	4-15
$7	Bush T'm'l deb. pf.	$1.75	Q	4-2	4-15
$8	Ches. & Ohio cm.	$2.00	Q	4-1	4-15
—	Ches. & Ohio cm.	$4.00	Ext	4-1	4-15
$5	Crucible Steel cm.	$1.25	Q	4-5	4-30
6%	du Pont de Nem. deb.	1½%	Q	4-10	4-26
$6	Elec. Bond & Shr. pf.	$1.50	Q	4-12	5-1
$2.40	Fair (The) cm.	$0.20	M	4-20	5-1
$8	Famous Players pf.	$2.00	Q	4-15	5-1
$0.64	Fifth Ave. Bus Sec.	$0.16	Q	4-1	4-15
100%	First Nat'l Bank	25%	Q	3-31	4-1
—	Fisk Rub. 1st pf ac.	$1.75	—	4-15	5-1
—	Fisk Rub. conv. pf.	$1.75	—	4-15	5-1
$4	Gen. Cig. no par cm.	$1.00	Q	4-20	5-1
6%	Gen. Mot. 6% pf.	1½%	Q	4-5	5-1
7%	Gen. Mot. 7% pf.	1¾%	Q	4-5	5-1
$6	Gen. Mot. deb.	$1.50	Q	4-5	5-1
$7	Gimbel Bros. pf.	$1.75	Q	4-15	5-1
6%	Harbison & Walker pf.	1½%	Q	4-10	4-20
$3	Howe Sound	$0.75	Q	4-1	4-15
8%	Ill. Bell Tel.	2%	Q	3-30	3-31
$1	Indep. Oil & Gas	$0.25	Q	3-31	4-12
6%	Int'l Paper 6% pf.	1½%	Q	4-1	4-15
7%	Int'l Paper 7% pf.	1¾%	Q	4-1	4-15
$6	Int'l Shoe new pf.	$0.50	M	4-15	5-1
4%	Kan. City South. pf.	1%	Q	3-31	4-15
$1.60	Life Savers cm.	$0.40	Q	3-25	4-1
7%	Macy, R. H.	1¾%	Q	4-17	5-1
$2	Marlin-Rockwell cm.	$0.50	Q	3-25	4-1
$7	Marlin-Rockwell pf.	$1.75	Q	3-25	4-1
$7	McCrory Stores pf.	$1.75	Q	4-20	5-1
$12	Mex. Petroleum cm.	$3.00	Q	3-31	4-20
$8	Mex. Petroleum pf.	$2.00	Q	3-31	4-20
$2	Miller Rubber cm.	$0.50	Q	4-5	4-25
$3	Nat'l Biscuit cm.	$0.75	Q	3-31	4-15
$7	N. Y. Central	$1.75	Q	3-26	5-1
$2	N. Y. Transportation	$0.50	Q	4-1	4-15
$12	Nipissing Mines	3%	Q	3-31	4-20
$2	Ohio Fuel Corp.	$0.50	Q	3-31	4-15
$8	Pac. Gas & Elec. cm.	$2.00	Q	3-31	4-15
$6	Pac. Tel. & Tel. pf.	$1.50	Q	3-31	4-15
$6	Pan Am. Pet.	$1.50	Q	3-31	4-20
$6	Pan Am. Pet. "B"	$1.50	Q	3-31	4-20
8%	People Gas	2%	Q	4-3	4-17
—	Pere Marquette cm.	$0.50	Add	4-15	5-1
—	Pere Marquette cm.	$2.00	Ext	4-15	5-1
$4	Phila. Co. cm.	$1.00	Q	4-1	4-30
$3	Phila. Co. pf.	$1.50	SA	4-1	5-1
6%	St. L.-San Fran. pf.	1½%	Q	4-10	5-1
$1.20	Seagrove Corp. cm.	$0.30	Q	3-31	4-30
$7	Southern Ry. cm.	$1.75	Q	4-10	5-1
$3	Stand. Gas & El. cm.	$0.75	Q	3-31	4-25
7%	Stand. Gas pr. pf.	1¾%	Q	3-31	4-25
6%	Stand. Gas 6% pf.	1½%	Q	3-31	4-15
$7	Tobacco Pro. cm.	$1.75	Q	4-1	4-15
7%	United Drug 1st pf.	1¾%	Q	4-15	5-1
$2.40	United L. & P. cm. A.	$0.60	Q	4-15	5-1
$2.40	United L. & P. cm. B.	$0.60	Q	4-15	5-1
$3	Un. Verde Ext. Min.	$0.75	Q	4-6	5-1
$7.80	Vivaudou V. pf.	$1.95	Q	4-15	5-1
$8	Western Union	$2.00	Q	3-25	4-15
—	West. Air Brake	$0.25	Ext	3-31	4-30
$6	West. Air Brake	$1.50	Q	3-31	4-30
$4	West. Elec. cm.	$1.00	Q	3-31	4-30
$4	West. Elec. pf.	$1.00	Q	3-31	4-15
$2	White Eagle Oil	$0.50	Q	3-31	4-20

Over-the-Counter

IMPORTANT ISSUES

Quotations as of Recent Date*

	Bid	Asked
Aeolian Co., pfd. (7)	75	85
Aeolian Weber	25	31
Aeolian Weber, pfd. (7)	99	105
Alpha Port. Cement (6)	135	138
Aluminum Co. of Am.	67	70
Pfd. (6)	100	101
Pfd. Warrants	89	92
American Arch (7P)	127	131
American Book Co. (7)	140	145
Amer. Cyanamid (new):		
Cl. A	43	46
Cl. B	43	45
Pfd. (6)	91½	93½
Amer. Meter Co. (5P)	93	98
Amer. Thread Pfd. (¼)	3¾	4
Atlas Port. Cement (4)	61	63
Babcock & Wilcox (7)	140	144
Barnhart Bros. & Spindler:		
1st Pfd. (7) G.	104	107
2nd Pfd. (7) G	98	102
Bliss (E. W.) Co. Ctfs.	20	24
1st Pfd. (4)	55	60
Cl. B Pfd. (0.60)	9¾	10¾
Bohack (H. C.) Co. (10)	190	200
1st Pfd. (7)	101	103
Borden Co. (4P)	100	102
Bucyrus Co. (5P)	200	230
Pfd. (7)	105	110
Celluloid Co.	19	21
Pfd. (8)	60	62½
Congoleum Co. Pfd. (7)	99	102
Continental G. & El. (4.4)	..	130
Part Pfd. (8)	97	99
Prior Pfd. (7)	94	94½
Crocker Wheeler	15	20
Pfd.	53	60
Devoe & Raynolds:		
2nd Pfd. (7)	100	103
Fajardo Sugar (10P)	147	150
Franklin Rwy. Sup. (4)	88	93
Giant Port. Cement	40	44
Pfd. (3.5P)	45	48
Hercules Powder (6P)	140	143
Pfd. (7)	111	113
International Silver (6)	x98	x102
Pfd. (7)	104	107
Jos. Dixon Crucible (8)	148	152

	Bid	Asked
Johns-Manville, Inc. (3)	140	144
Knox Hat	64	..
Pr. Pfd. (7)	x93	x98
Part. Pfd. A	70	..
Lehigh Port. Cement (3)	x88	x91
McCall Corp.:		
New (0.50)	39	42
Manhattan Rubber (2.5)	37	40
Metropolitan Chain Sts.:		
1st Pfd. (7)	102	108
2nd Pfd. (7)	100	104
Nat'l Fuel Gas (6P)	140	150
New Jersey Zinc (8P)	195	202
Niles-Bement-Pond	22	24
Pfd.	70	..
Phelps Dodge Corp'n (4)	127	130
Pierce, But. & Pierce:		
(New) (2)	24½	26½
Pfd. (8)	99	102
Richmond Radiator	16	19
Pfd. (3)	39	41
Royal Bak'g Powder (8)	190	195
Pfd. (6)	100	102
Safety Car H. & L. (8P)	122	128
Savannah Sugar (6)	140	150
Pfd. (7)	112	120
Servel Corp. B.	58	59
Sheffield Farms Pfd. (6)	100	103
Singer Mfg. Co. (10P)	328	333
Singer, Ltd. (¼)	6	7
Superheater Co. (6P)	139	143
Technicolor, Inc.	7½	8¼
Wash. Ry. & Elec. (5)	200	210
Pfd. (5)	86	89
White R'k 2nd Pfd. (6P)	160	200
1st Pfd. (7)	100	104
Woodward Iron	82	90
Pfd. (6)	85	..

*Dividend rates in dollars per share designated in parentheses.

G—Guaranteed as to principal and dividend by Amer. Type Founders.

P—Plus extras.

B—Also extras on account of arrears.

x—Ex-dividend.

UNLISTED stocks recovered from the semi-panicky liquidation which forced prices sharply downward during the fore part of March. Discriminating buyers made their influence felt, as indicated by the recoveries in many of the better class of securities dealt in over-the-counter. On the whole, however, trading was disposed toward dullness so that the list had an air of quiet strength rather than of enthusiastic demand such as characterized earlier markets.

Borden common regained a large part of its earlier loss. The railway equipment issues were in good demand as indicated by the strength in *American Arch, Superheater* and *Franklin Railway Supply.* Confidence in these stocks is evidently predicated upon the belief that, while general business may move upon a somewhat lower plane of activity this year than last, the railroads will continue to handle a large volume of traffic. The railway supply companies are in a much stronger position than the equipment companies. The former are continually called upon to supply a demand created by wear and tear. While the carriers have shown a tendency to take over the manufacture of rolling stock to a considerable extent, the specialized character of the products made by such concerns as American Arch and Superheater protects these companies against such competition.

Phelps Dodge shared in the firmness that has marked the copper share group during the recent periods of weakness in the market for listed and unlisted stocks. Liquidation forced the shares down rather sharply but after this selling had been completed, the stock snapped back briskly.

Bucyrus responded to the favorable 1925 earnings statement and the increased extra dividend. *Singer Manufacturing* was likewise exceptionally strong. This company treated its shareholders to an agreeable surprise in the form of a substantial extra dividend payment, amounting to $33.50 a share in cash, in addition to the regular quarterly dividend of $2.50 a share. Last year, Singer Manufacturing paid an extra dividend of $10 a share.

Congoleum 7% preferred was in better demand. Passing of the common dividend recently tended to create some unsettlement in the market for the senior issue. While earnings of the company have suffered from increased competition in its field, nevertheless, the preferred shares appear to be well protected. As of December 31, 1925, the company reported net working capital of 13.87 million dollars. Since funded debt totals but 2.46 million dollars, the working capital item is equivalent to approximately $685 a share for the 16,644 shares of preferred stock now outstanding. Despite last year's slump in earnings, net was equivalent to more than $220 a share for this issue.

INCOME TAX DEPARTMENT

(Continued from page 1032)

in connection with sales, the March 1, 1913, value must be used under the federal law, and the January 1, 1919, value must be used under the state law. This, of course, applies only to securities or property held on those dates and disposed of later. Thus, the sale of stock during the year 1925, which was held for a period prior to 1913 may result in a materially different taxable gain or loss for federal and state purposes, depending upon the market value as of March 1, 1913, and January 1, 1919, respectively. This would also apply to property acquired by bequest or inheritance.

Furthermore, on certain exchanges under the federal law a gain or loss is recognized only if the property received has a fair market value, nor is there a profit or loss recognized on certain exchanges of property held for investment or for use in a trade or business if exchanged for similar property.

The state law provides for a readily ascertainable market value instead of a fair market value. Also, the state law does not exempt exchanges just mentioned.

The 1926 Federal Revenue Act provides for a system of reporting profits on instalment sales and real estate transactions radically different in base than what the state law now provides.

Capital Gains

Just as the state law does not distinguish between earned income and unearned income, it does not distinguish between capital gains and ordinary gains. Thus, for federal tax purposes, if one has disposed of property which he has owned for two years or more, the profit is taxable at a different rate than it would be taxable if it were a gain resulting from the sale of property held for less than two years. This is also true of losses. Of course, there is not as much need for any provision of this kind in the state law, since the maximum state tax rate is only 3%, whereas the maximum federal tax rate is now 25% but was heretofore 46% and was previously as high as 77%.

Net Losses

For federal tax purposes, a loss of one year can be deducted from the income of two succeeding years. This has been recognized as a just and equitable provision, in the absence of which a very extreme hardship was caused to taxpayers before its enactment. The state tax law, however, has no similar provision, nor does there seem to be any serious propaganda for such a provision.

Bank and Insurance Stocks

Quotations as of Recent Date

NATIONAL BANKS:

	Bid	Asked
American Ex.-Pacific (10.50)	455	465
Chase (20A)	622	627
Chatham & Phenix (16)	360	370
Chemical (24)	810	830
City (20A)	646	650
Commerce (16)	373	378
First (N. Y.) (100A)	2700	2775
Hanover (27)	1105	1125
Mechanics & Metals (20)	453	460
Park (24)	520	530
Public (16) (D)	575	590
Seaboard (16)	660	680

TRUST COMPANIES:

	Bid	Asked
Bankers (20)	643	650
Bank of N. Y. & Trust Co. (22)	630	640
Brooklyn (30)	905	920
Central Union (33)	880	890
Empire (16)	375	385
Equitable (12)	287	292
Farmers' L. & T. (16)	540	550
Guaranty (12)	380	384
Irving-Columbia (14)	328	332
Manufacturers (18)	530	540
New York (20)	555	565
United States (60)	1800	1855

STATE BANKS (NEW YORK):

	Bid	Asked
America V. T. C. (12)	315	350
Corn Exchange (20)	595	605
Manhattan Co. (8C)	237	242
State (16)	590	605
United States (10)	323	325

INSURANCE COMPANIES:

	Bid	Asked
Aetna Fire (24)	610	620
Aetna Life (12)	800	850
*Fidelity-Phenix (6)	185	190
*Continental (6)	133	138

INSURANCE COMPANIES—Cont'd

	Bid	Asked
Glens Falls (1.60)	39	41
Globe & Rutgers (28)	1625	1650
Great American (16)	296	301
Hanover (5)	200	206
Hartford Fire (20)	560	580
*Home (18)	354	358
*Carolina (1)	33	35
Milwaukee Mech. (2.20)	35	37
National Fire (20)	810	830
Niagara (10)	255	260
*North River (4)	116	121
*United States (4.80)	153	159
Stuyvesant (6)	221	228
Travelers (20D)	1125	1175
Westchester (2.50)	46	48

CASUALTY AND INDEMNITY COMPANIES:

	Bid	Asked
American Surety (8)	177	183
National Surety (9)	226	230
U. S. Casualty (10)	390	400
U. S. Fid. & Guar. (9D)	195	205

JOINT STOCK LAND BANKS:

	Bid	Asked
Bankers of Milwaukee (4E)	125	135
Chicago (10)	135	145
Dallas (10)	140	150
Denver (8)	125	135
Des Moines (4E)	115	125
First Carolina (8)	125	135
Kansas City (10)	130	140
Lincoln (9)	140	150
St. Louis (9)	160	165
Southern Minnesota	115	125
Virginia (.50B)	7¾	8¾

(A) Includes dividends from Securities Company. (B) Par \$5. (C) Par \$50. (D) Ex-rights. (E) Annual rate not definite. Based on Jan. 1st payment. *Members same group.

FEW more important decisions in respect to banks have been rendered than the recent ruling that the voting trust of Bank of America was invalid. The voting trust had been created in order that the present management of the bank might retain control and that merger with other banks could not be brought about. In other words, it was an attempt to duplicate in the bank field what is brought about by a restricted class of voting stock among industrials. That is to say, any attempt to purchase control of Bank of America in the open market would have been foredoomed to failure. While the ruling is being appealed, it does not appear that it will be reversed. If the higher courts hold all voting trusts invalid in connection with state banks, a great impetus will be given to the national banks among whom, it is understood, Washington favors this form of control. State banks might even find it advantageous to become national banks where the present management would prefer continued control rather than obtain a merger price for their stockholdings.

The advantage accruing to national banks in connection with this decision is a sharp reminder of the failure of all generalizations in connection with the banking business. Owing to restrictions on character of loans and of branch banking, it was confidently stated several years ago that the national banking system was threatened. However, the new privilege of exercising trust functions and, perhaps,

of exclusive rights to voting trusts, redresses the balance.

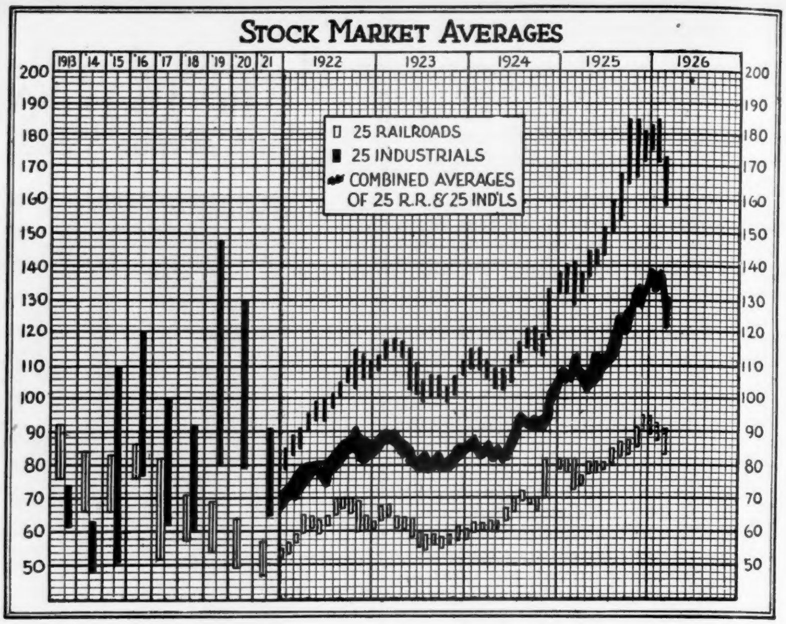
A constructive sign for bank investors was revealed by the recent absorption of Peoples' Trust Co. by National City Bank. Until the time of this merger, the book value of Peoples' Trust Co. stock had been figured at $390. When the merger negotiations were concluded, it was found that the book value basis was $560 a share. This is a clear indication that hidden assets are the order of the day among many banks, and in an epoch of bank mergers, such hidden assets are not the least of the many attractions of bank stocks.

A regrettable development has been the profound break in prices among most of the so-called "Hartford" stocks. A break in over 300 points in Aetna Life arose out of its connection with its subsidiary, Automobile Insurance. Business of the latter had been increased far beyond capital and surplus basis. Recent increases in capitalization of the subsidiary and collaterally of the parent company have, apparently, been required to make the adjustment perfect. Aetna Life was bid down rapidly, and Travelers and Hartford reacted sympathetically.

While these drastic declines are a setback to public confidence in some of the higher priced insurance stocks, they act as a caution against further unwarranted expansion, and are not likely to be repeated. One of the characteristic advantages of a market for these stocks is exhibited by this decline. When insurance stocks were closely held, such errors in policy were not easily detected until too late, whereas now a sensitive market almost immediately advises the companies to remedy an unsatisfactory situation. These remedies, however, must be exceptionally costly to smaller stockholders.

Important Corporation Meetings

Company	Specification	Date of Meeting
Alliance Realty	Dividend	3-28
Goodyear Tire & Rubber	Annual	3-28
Gulf States Steel	Annual	3-28
Mullins Body Corp.	Annual	3-28
Pittsburgh Steel Co.	Directors	3-28
Abitibi Pow. & Pap.	Pfd. & Com. Divs.	3-30
American Piano	Annual	3-30
Amer. Tel. & Tel.	Annual & Directors	3-30
Armour & Co. Del.	Annual	3-30
Armour & Co. Ill.	Annual	3-30
Booth Fisheries	Annual	3-30
Commercial Credit	Directors	3-30
Continental Motors Corp.	Dividend	3-30
Coty, Inc	Directors	3-30
Fairbanks, Morse & Co.	Annual	3-30
Famous Players	Annual	3-30
Illinois Central	Directors	3-30
Manhattan Electrical Supply	Annual	3-30
Mathieson Alk. Wks.	Annual	3-30
Pathe Exchange	Directors	3-30
United Drug Co.	Directors	3-30
Baltimore & Ohio R.R.	Dividend	3-31
Childs Co.	Directors	3-31
International Paper	Directors	3-31
N. J. Zinc Co.	Dividend	3-31
Otis Steel	Special	3-31
Packard Motor Car	Com. Dividend	3-31
Vacuum Oil	Annual	3-31
American Locomotive	Executive Com.	4-1
Amer. Steel Foundries	Directors	4-1
Atlantic Refining	Pfd. Dividend	4-1
May Department Stores	Directors	4-1
Reynolds (R. J.) Tobacco	Directors	4-1
Allis-Chalmers	Directors	4-2
General American Tank Car	Directors	4-2
Brunswick-Balke Collender	Directors	4-5
Endicott-Johnson Corp.	Directors	4-5
Freeport-Texas	Annual	4-5
Intercontinental Rubber	Annual	4-5



MARKET STATISTICS

	N.Y.Times 40 Bonds	Dow, Jones Avgs. 20 Indus.	Dow, Jones Avgs. 20 Rails	N. Y. Times —50 Stocks— High	N. Y. Times —50 Stocks— Low	Sales
Thursday, Mar. 4..	86.28	150.76	106.34	126.62	121.95	2,665,280
Friday, Mar. 5....	86.43	150.40	108.25	128.60	125.91	2,172,245
Saturday, Mar. 6..	86.43	149.86	107.93	127.82	126.41	876,000
Monday, Mar. 8...	86.36	150.10	107.00	126.81	124.23	1,577,715
Tuesday, Mar. 9...	86.40	151.27	107.81	127.67	126.21	1,265,382
Wednesday, Mar. 10	86.59	153.13	108.69	128.99	127.30	1,603,813
Thursday, Mar. 11.	86.67	153.00	110.41	129.91	128.25	1,791,298
Friday, Mar. 12...	86.67	153.03	111.21	130.14	128.91	1,524,811
Saturday, Mar. 13.	86.63	150.07	109.06	128.50	126.63	1,012,130
Monday, Mar. 15..	86.64	150.65	109.13	127.52	125.52	1,532,650
Tuesday, Mar. 16..	86.54	149.88	108.85	127.84	126.12	1,428,530
Wednesday, Mar. 17	86.45	149.28	107.91	126.28	124.47	1,489,022

FINANCING THE NEW HOME

(Continued from page 1017)

against a second mortgage. You do this by taking out a second mortgage for $2,500 through a second mortgage broker. All second mortgage money is obtained through brokers—this is done to circumvent the usury laws. Although the mortgage is $2,500, all the cash you get is $2,000 as $500 is immediately deducted by the broker "as a bonus." You must pay back the face value of the loan, however, up to the last penny of $2,500 and pay interest at 6% on this amount. Furthermore, you must pay it back in three years, usually; sometimes in five years. If a quarterly payment is missed, the home is no longer yours in spite of the $2,000 cash that you have put into it.

There are a number of different forms which a second mortgage may assume, but the cost, on the average, is about the basis outlined above; sometimes a little more, sometimes a little less. These various kinds of second mortgages have different names: builder's mortgage, purchase money mortgage, junior mortgage and so forth. Sometimes these mortgages are disguised in various "pay like rent" plans and a flat bonus of say $1,000 is added to the cost of the home to be retired with a long series of monthly payments. More frequently, the cost of the mortgage is included in the price which the seller places on his property and is thus not as readily detected. A good rule to follow is to expect to pay well for the accommodations offered to finance a home unless you can put up 30 to 40% of the cost in cash.

Editor's Note: The architects' drawing published with this article has been furnished us by the Architects' Small House Service Bureau—a semi-philanthropic organization controlled by the American Institute of Architects which serves the small home builder unprepared financially to retain the services of an architect. Floor plans of other small houses of good design and other information of value to the home builder may be obtained free of charge through this publication.

TRADE TENDENCIES

(*Continued from page* 1030)

placed is entirely up to the present rate of shipment from the mills, although without doubt it is better than it has been.

The current improvement in buying has had the tendency to make for firmer prices, especially in the shapes that are at present in heaviest demand. This is partially offset by some price shading in other lines. Pig iron is slightly softer, due more to lower coke prices than to competition. Ferro-manganese has been cut in price several times within the past few weeks bringing the price below $100 a ton, which virtually bars the foreign makers out of the market for the moment. Buyers who had been placing their orders cautiously for the past month are pushing the mills to make shipments on specifications as fast as possible, this pressure causing some of the mills to run up their output higher than 90% capacity in exceptional instances. The steel industry is already assured of satisfactory earnings in the first querter.

PETROLEUM

California Advances Prices

One of the most significant developments in the oil industry of the year is the recent advance of crude oil prices in the California fields. This advance should ease up the competition from the West Coast that has been felt in the East for some time, especially in the Pennsylvania district and in the southern fields. Considering the cost of shipments, there is no longer the inducement to buy California crude that there was before the price advance. That is the constructive side of the California price increase. There is also an unfavorable possibility, namely, that the higher price will send the independents out scouting for new production. With the large amount of crude stored above ground on the Pacific Coast and the additional storage represented in shut-in wells, a new flood of oil in California would have an adverse influence on the entire industry.

The crude oil situation in the Mid-continent field is strong. The refineries would take more oil in this section if they could get it and are drawing on crude in storage. The balance between supply and demand of crude oil in the Mid-continent field is usually a good price barometer for the industry and it is probably on this basis that the California producers felt warranted in raising the price structure in that section. Refined products are not in as strong position as crude. Stocks are high and are steadily mounting. At the present rate of accumulation, the visible stocks of gasoline will undoubtedly set a new record before the Spring consumption materializes. Were it not for the large demand anticipated, the supply of refined products might be considered dangerous to the welfare of the industry, but with production low and the Spring near at hand, there appears to be little doubt but that the industry will carry over the coming six weeks or so in a healthy condition.

METALS

Market Turns Dull

The market for non-ferrous metals has quieted down as buyers show extreme caution and are placing orders chiefly for immediate requirements. Both zinc and lead appear to have reached bottom price level and although they are selling at a new low for the year should show steady recovery from this point. These metals, like copper, have suffered from falling values in the foreign markets and an almost complete absence of business from abroad. The stocks on hand, ready for market, have slowly increased during the past six weeks and producers, anxious to keep their production going ahead in good volume, have disposed of surplus stocks by cutting their asking price. Several of the larger zinc smelters have started to run on part time to allow the market to absorb their supplies on hand and it is expected that this action will assist in the recovery that is generally looked for in the not distant future.

The hand-to-mouth buying that has forced down prices of other non-ferrous metals is starting to be felt more and more in the copper market. The copper producers appear to be in a stronger position, however, and are holding the red metal off the market when they cannot obtain their price. Consequently, while other metals are selling at their low for the year copper is still above its low but is off fractionally from the prevailing level of a few weeks ago. The foreign demand is so small that any change must be for the better. The producers are delaying their much talked about plans of co-operative marketing to the foreign consumer in the hope that a normal revival of buying interest abroad will soon materialize. The reports of last year's operations, now being published, reflect the prosperity of the metal producers in that period. It is likely that the first quarter will not be as good but the longer range outlook is still encouraging.

Commodities

COTTON Two weeks of trading has left the May option where it was. The market has marked time, not only because of uncertainty as to this year's crop, but because final government figures on ginning of 1924-5 crops were not as yet in. These figures will give a firm basis for calculating the carry-over, after spinner's takings, exports and visible supply have been taken into account. Despite a plethora of figures, most of these calculations are

(*Please turn to page* 1064)

New York Curb Market

IMPORTANT ISSUES

Quotations as of Recent Date*

Name and Dividend	1926 Price Range High	1926 Price Range Low	Recent Price
Amer. Gas & Elec. (1)	99⅜	64	78
Amer. Super Power A (1.5)	37⅞	22	25
Amer. Super Power B (1.5)	39	22⅛	26
Centrif. Pipe (1)	27	18⅛	22½
Cities Service new (1.2)	42⅛	37½	41⅞
Cities Service Pfd. (6)	84	83⅛	83½
Continental Baking B	30½	15	18
Continental Bak. Pfd. (8)	101	92⅛	96
Curtiss Aero	23⅞	17	20⅛
Curtiss Aero Pfd. (5)	89½	80	80
Devoe & Raynolds B (2.4)	101½	35	40½
Durant Motors	13¾	8½	9¼
Elect. Bond & Share (1)	86	65	67
Electric Investors	74½	41⅛	45½
Electric Refrigerator	90½	59¼	67
Ford Motor of Canada (20)	650	600	640
General Baking A (5)	79¼	58⅞	62
General Baking B	17⅞	8¼	9½
General Ice Cream (2)	56⅝	47½	51¼
Gillette Safety Razor (3)	114	95½	100
Glen Alden Coal (7)	168	138½	156½
Goodyear Tire & Rubber	39½	31¾	36½
Gulf Oil (1.5)	93¾	82⅛	85½
Happiness Candy Store (50c)	8¼	7	7¼
Hecla Mining (1)	19¼	15½	18¼
Horn & Hardart	62⅞	41	52
International Utilities B	9⅞	5	5½
Lago Oil & Transport	25⅞	17½	20¼
Lago Petroleum	13	9	10½
Land Co. of Florida	47¾	24	24
Lion Oil & Refining (2)	25¾	22½	25
Metro Chain Stores	50½	39½	39⅛
Mountain Producers (2)	26	23¾	24⅛
New Mex. & Arizona Land	17	12	12⅞
Nipissing Mining (60c)	7½	5¾	6¼
Northern Ohio Power	26⅛	15⅛	17
Pacific Steel Boiler	16⅜	12⅛	13⅛
Reo Motor (80c)	25¾	21¾	22
Rickenbacker Motor	9½	5¾	6¾
Salt Creek Producers (80c)	36	29	31¾
Servel Corporation A	30½	20⅝	24⅛
Southeast Pwr. & Lt. new	46¾	20	30⅛
So'east Pwr. & Lt. Pfd. (4)	65⅛	60⅞	63
Southern Dairies A (4)	57	44	49⅛
Southern Dairies B	39⅝	25½	34⅛
Stutz Motors	37¾	23⅝	29
Trans Lux	14	8	10⅛
Tobacco Products Export	4⅞	4¼	4⅛
Tubize Artif. Silk	240	197	204
Victor Talking Machine	97⅜	77¼	81¼
STANDARD OIL STOCKS			
Continental Oil (1)	25⅞	20¾	21¾
Humble Oil (1.2)	99⅝	82⅛	88
International Pet. (50c)	35¼	28¾	32
Ohio Oil (2)	67⅜	59¾	62⅛
Prairie Oil & Gas	60¼	53½	56
Standard Oil of Ind. (2.5)	70½	61⅝	64⅛
Standard Oil of N. Y. (1.4)	47¼	31⅛	34⅛
Vacuum Oil (2)	109⅜	94⅛	102⅛

*Dividends quoted dollars per share, March 15.

THE curb stocks have been generally stronger and have shown uniform recovery from the low point reached a few weeks ago. The recovery in the public utility group was somewhat irregular and in the industrial list there were weak spots here and there although on the average the industrials were strong. Oil shares, which were carried down with the rest of the market, have been well bought and the shares placed on the market appear to be going into strong hands. *Land Company of Florida* was heavily sold on rumors that certain large developments in Florida were facing bankruptcy although it is persistently denied by officials of the projects mentioned that such a condition existed. *Ford Motors of Canada* was the strongest issue in the motor group selling 40 points above its recent low.

A semi-investment issue that has attracted considerable attention on the Curb is the new participating preferred stock of the Southeastern Power & Light Company. This stock has no immediate prospects of a sharp price advance nor is it, strictly speaking, a seasoned investment issue in spite of the fact that the current yield is approximately 6.5%. Yet, it has definite prospects for slow growth in value over a period of years. Furthermore, such future enhancement is not predicated upon the chance that the company will improve its earnings position (although the company has such prospects), nor on the possibility that preferred stocks in general will sell higher in the future, but the enhancement probability is due to the manner in which dividend payments over a period of years are allotted to the holders of these shares.

At the present time, and for the next three years, this issue is entitled to a cumulative dividend of $4 a share in preference to the common dividends; during the subsequent three years the cumulative rate shall be $5 a share and thereafter the rate shall be $6 a share. In the event that more than $6 a share is paid on the common shares, this issue of participating preferred shall receive $7 a year. The extra $1 dividend, however, is not cumulative and at the present time the chance of shareholders receiving an extra is somewhat remote. In six years, this issue will be a $6 stock and on a 7% basis would sell at 85, which compares with a present price of around 63. To shareholders who purchase stock now the income ultimately received would be almost 10% on the investment.

The Southeastern Power & Light Company through the recent consolidation with Georgia Railway & Power is one of the strongest public utility holding companies in the South, controlling about $300,000,000 of earning assets. It serves the industrial district around Birmingham and one of the important shipping outlets of the South at Mobile. Earnings at present exceed twice the amount required to pay the present participating preferred dividend and may be expected to improve.

Even under the most unfavorable market conditions, an issue of this type with a gradually increasing rate of income payments should be a suitable commitment because of its ability to resist a declining price trend.

(Continued from page 1060)

at present quite approximate. The extent to which the market is unmoved by any considerations other than watchful waiting, is shown by the unnatural spread between Liverpool and New York on the May option. For a month there has been only a slight move towards restoring the old differences between the two centers.

With December options at 17.16 it is obvious that the trade has remained indifferent to all the data, pro and con, on planting area and on fertilizer tag sales. Extensive deliveries having been made on the last crop, it seems clear that at the very least the shortage of tenderable cotton will tend to keep distant options at their present level.

WHEAT With the revelation that exports have been heavier than has been commonly believed, in a domestic market where there has been a close adjustment between supply and demand, with an infinitesmal carry-over, the May option was shot up at a much faster rate than July and September. The undoubted shortage of cash wheat for present delivery squeezed the shorts much beyond expectation. Large operators became bullish on May. On the other hand, Canadian grain has also been in active demand, especially in Liverpool. The later options have, however, moved slowly upwards, as reports of large crops impending still favor the bears. Nevertheless, the market has come to believe, as we had expected, that September was undervalued. Close, May, 1.66, July, 1.44, September, 1.37. There is room for improvement in September, but scarcely in May.

CORN Despite the firmness in cash corn prices, May is hovering around 76 cents and July at 80 cents, or less than was quoted in our last report. It seems that the best opinion was agreed that a long position in July and September would prove profitable, but that the slow response of the market was disappointing, and many bulls sold out. Planting report of the Department of Agriculture also assisted the bear operators.

MISSOURI PACIFIC—A POTENTIAL ATCHISON

(Continued from page 1001)

nues of 29.9% comparing with 37.6% in 1916 and 37.1% in 1918. Again the poor showing of 1923 was in large measure due to the very heavy maintenance expenditure, 40.8% of gross revenues, a desperate effort being called for in overcoming the deplorable condition into which equipment had fallen during Federal Control and the subsequent depression.

This drive against equipment, although along less heroic lines, has been continued ever since. In spite of the rebuilding of a great many freight cars and extensive acquisition of new rolling stock, business has accumulated to an

(Please turn to page 1066)

FINANCIAL NOTICES

(Continued from page 1064)

even greater extent, so that last year there was a net debit to equipment and joint facility rentals of $5,240,000.

There is little doubt that the management, which has proven of as great ability along operating as financial lines, will effect a large saving in both maintenance expense and equipment hire in the not distant future. All of $5,000,000 should ultimately be added to earnings in this way, a matter of another $7 and $6 a share on the preferred and common stocks, respectively.

In closing it should be noted that the record 1925 earnings of the combined properties were not achieved under the most favorable conditions. The Texas lines, particularly the International-Great Northern being affected by the local drought condition. There is no reason why the parent company should not before long receive larger disbursements from its subsidiaries. The Texas & Pacific could apparently inaugurate dividends at 4% or 5%, while the New Orleans, Texas & Mexico could conservatively increase the present 7% rate to 10% or 12%.

Current interest in the Missouri Pacific stocks has chiefly to do with the ultimate disposition of the back divident accruals on the preferred stock which as of December 31 last, totaled 37½% and on June 30 next will equal 40%, or $28,720,000. For some inexplicable reason, the average stockholder has an idea that if dividends are allowed to accumulate, he is losing ground, even when his company is making satisfactory earning progress. As a matter of fact what the company is generally doing, if the withheld funds are being wisely employed, and they are being extremely will spent by the Missouri Pacific management, is to borrow money at better than market rates, whatever that may be, 5%, 6% or 7%, in order to make an investment which will ultimately yield 15%, 20% or 25%.

Nothing can be foreseen which should void the integrity of the Missouri Pacific preferred stockholder's claim, while at the same time he has an interest in developing the future earning power on the common stock, the preferred being convertible into the junior shares at par.

To consider the question in the most positive light, it might be assumed that it would eventually prove necessary to sell bonds in providing cash to liquidate the accrual. As has been pointed out this money could be secured at a cost of 5½%, adding if done presently about $1,580,000 to interest charges. This would reduce the large and rapidly growing share earnings by but $2.20 on the preferred and $1.90 on the common.

The immediate course of the Missouri Pacific preferred and common stocks may or may not be governed by the action of the general market. This should have relatively little effect upon the bonds, all of which are attractive, particularly the junior lien, the general 4s of 1975. For a long pull both the preferred and common stocks now selling at 79 and 34, respectively, are on the bargain counter.

Disturbed Sleep
Sciatica
Foot and Leg Pains
Backache
Constipation
Chronic Fatigue
Embarrassing Weakness

What Do These Things Mean *After 40?*

After 40, these things often mean a prostate gland gone dull. They are frequently symptoms that follow when this vital gland slows up, for its effects are felt in mind, body and spirit. They frequently forecast an early and almost invalided old age.

FREE Book on Prostate Trouble

Why does hypertrophy of the prostate gland cause these distressing and embarrassing health failures? The reasons are clearly explained in a new illustrated book written by a well-known American scientist. It explains how a new kind of non-medical hygiene was discovered by this scientist, how it acts in an entirely new way, and, without drugs, medicine, or electric rays, often brings better vigor, abounding health and peace of mind by restoring the prostate gland to normal functioning in short time.

A World Wide Institution

So amazing and quick is this new method that it is offered for six days' trial in your own home! So scientific that it is endorsed by many physicians everywhere! So convenient that 20,000 men have used it in their own homes! So wonderful that it has developed into a world-wide institution with offices abroad and patrons in many foreign countries!

Why live your most glorious years at a snail's pace, harassed by pains, growing bladder weakness, worries, blues? Learn these amazing new facts about old age. Read this scientist's frank book, "Why Many Men Are Old at 40." Simply write your name and address below, tear off and mail, and copy will be sent to you free and without obligation.

The Electro Thermal Company,
4455 West Main St., Steubenville, Ohio

Name ....

Address ....

City ....State..............

Western Address: Dept. 44-X-West, 711 Van Nuys Bldg., Los Angeles Calif.

Dividends

SOUTHERN RAILWAY COMPANY

New York, March 11, 1926.

PREFERRED STOCK

A dividend of one and one-quarter per cent (1¼%) on the Preferred Stock of Southern Railway Company has been declared payable on April 15, 1926, to stockholders of record at the close of business March 25, 1926.

COMMON STOCK

A dividend of one and three-quarters per cent (1¾%) on the Common Stock of Southern Railway Company has been declared payable on May 1, 1926, to stockholders of record at the close of business April 16, 1926.

C. E. A. McCARTHY, Secretary.

The Western Union Telegraph Company

New York, March 9, 1926.

DIVIDEND NO. 228

A quarterly dividend of TWO PER CENT has been declared upon the Capital Stock of this Company, payable on April 15, 1926, to stockholders of record at the close of business on March 25, 1926.

For the purpose of the Annual Meeting of Stockholders, to be held on Wednesday, the 14th day of April next, the stock transfer books will be closed at the close of business on the 25th day of March, instant, and be reopened on the morning of the 15th day of April next.

G. K. HUNTINGTON, Treasurer.

Austin, Nichols & Co., Incorporated

March 17, 1926.

A regular quarterly dividend of one and three quarters percent (1¾%) on the preferred stock has this day been declared, payable May 1, 1926, to stockholders of record, Thursday, April 15, 1926, at three o'clock p. m. Transfer books will not close.

H. K. GERWIG, Secretary.

OTIS ELEVATOR COMPANY

26th St. & 11th Ave., N. Y. C. March 18, 1926

A quarterly dividend of $1.50 per share on the Preferred Stock, and a dividend of $1.50 per share on the Common Stock will be paid April 15, 1926 to stockholders of record at the close of business on March 31, 1926. Checks will be mailed.

R. H. PEPPER, Treasurer.

THE N. Y. CENTRAL RAILROAD CO.

New York, March 10, 1926.

A dividend of One Dollar and Seventy-five Cents ($1.75) per share, on the Capital Stock of this Company, has been declared payable May 1, 1926, at the office of the General Treasurer, to stockholders of record at the close of business March 26, 1926.

H. G. SNELLING, General Treasurer.

Warren Brothers Company

Preferred Stock Dividend No. 96

Dividends of one and one-half per cent. (1½%) on the First Preferred Stock and of one and three-quarters per cent. (1¾%) on the Second Preferred Stock of this Company have been declared for the quarter ending March 31, 1926, payable on April 1, 1926, to stockholders of record at the close of business March 22, 1926.

E. SUTCLIFFE, Treasurer.

Warren Brothers Company

Common Stock Dividend

A quarterly dividend of One Dollar ($1.00) per share has been declared on the Common Stock of this Company, payable on April 1, 1926, to stockholders of record at the close of business March 22, 1926.

E. SUTCLIFFE, Treasurer.

BAYUK CIGARS INC.

PHILADELPHIA

Quarterly dividend of 1¾% on the First Preferred stock of this corporation; 1¾% on the Convertible Second Preferred stock, and 2% on the 8% Second Preferred stock have been declared payable April 15th, 1926, to holders of said stock of record at the close of business March 31st, 1926.

Checks will be mailed.

Harvey L. Hirst, *Secretary.*

March 19th, 1926.

Important First Mortgage Bond

6% Buyers 8%

The bond you want—issued by any standard house—at prices to save you money and increase your income return.

BEFORE BUYING ANY BOND, SECURE OUR PRICES.

Real Estate Bonds

Bought—Sold—Quoted

BOND EXCHANGE CORPORATION
of NEW YORK
SEVENTY-FOUR BROADWAY
NEW YORK

Hanover 7702

8% *florida* and safety

Send for Booklet MW

Ask Questions

SEMINOLE
Bond & Mortgage Co.
MIAMI, FLORIDA

2 Cent Stamp Seals Rupture

We have an amazing, free surprise for every ruptured person. We want to send you absolutely free a sample pad of Airtex, an amazingly new kind of material that helps heal rupture. We want to send you the most interesting, free book you have ever read. No dope, no drugs, no barbarous springs or leg straps. We want to show you how to actually discard your old ox-harness, in five days, or pay nothing. We want to show you free about amazing Magic Dot that weighs less than a quarter, yet seals rupture always in the one right place. Instantly on or off. Write at once while this free offer lasts and learn all about the remarkable system. **New Science Institute, 3322 West Clay Street, Steubenville, Ohio.**

Curb Securities

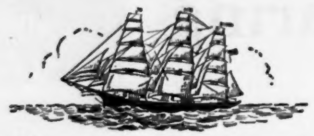
We offer out-of-town Banks, Brokers and private investors, our unexcelled facilities for executing orders in all Curb securities and invite correspondence on this subject.

Abrahams, Hoffer & Co.

Members N. Y. Curb Market

15 Broad St. New York

Telephones Hanover 5273-4-5-6-7



The
SEAMEN'S BANK FOR SAVINGS

56 WALL STREET NEW YORK CITY

A QUARTERLY DIVIDEND AT THE RATE OF 4%
per annum, has been declared payable on or after April 15th, 1926

DEPOSITS MADE ON OR BEFORE THE
THIRD BUSINESS DAY
WILL DRAW INTEREST FROM THE FIRST OF EACH MONTH

INTEREST COMPOUNDED QUARTERLY

SAVINGS ACCOUNTS INVITED
BANKING BY MAIL

HERBERT K. TWITCHELL, *President*
WILLISTON H. BENEDICT, *Secretary* RALPH H. STEVER, *Comptroller*

PACIFIC GAS AND ELECTRIC CO.

DIVIDEND NOTICE COMMON STOCK DIVIDEND NO. 41

A *regular quarterly dividend* of $2.00 per share upon the common capital stock of this company will be paid on April 15, 1926, to shareholders of record at the close of business March 31, 1926.

Summarized Earnings Statement

	Year 1925	Increase
Gross Operating Revenue	$47,729,079	$3,277,493
Net Income	$19,168,185	$2,436,598
Bond Interest and Discount	7,508,838	863,016
Balance	$11,659.347	$1,573,-82
Reserve for Depreciation	3,807,990	750,574
Surplus for Year	$ 7,851,357	$ 823,008
Dividends Paid:		
On Preferred Stock (6%)	$ 3,265,434	$ 20,824
On Common Stock (8%)	3,624,337	$ 584,215
Balance	$ 961,586	$ 217,969

Listed on New York, San Francisco and other Stock Exchanges

San Francisco, California A. F. HOCKENBEAMER, *Vice-President and Treasurer*

Remington-Noiseless Typewriter Corporation

Preferred Dividend No. 5

New York, March 9, 1926.

The Board of Directors has this day declared a quarterly dividend of $1.75 per share on the Preferred Stock payable April 15, 1926, to stockholders of record April 1, 1926.

HAROLD E. SMITH,
Secretary.

International Telephone & Telegraph Corporation

New York, March 11, 1926.

The directors of the International Telephone and Telegraph Corporation have declared the regular quarterly dividend of one and one-half per cent. (1½%) on the capital stock of the company, payable April 15, 1926 to stockholders of record March 26, 1926.

H. B. ORDE, Treasurer.

New York, March 10, 1926.

To Holders of Common Stock of

Pere Marquette Railway Company

The Board of Directors of Pere Marquette Railway Company, at a special meeting of said Board held March 10, 1926, declared dividends as follows:

½ of 1% on the Common Stock for the quarter ending March 31, 1926, being in addition to the quarterly dividend of 1% declared March 3, 1926.

2% extra.

Both of the above dividends are payable May 1, 1926, to stockholders of record at the close of business on April 15, 1926.

E. M. HEBERD, Secretary.

Keystone Power Corporation

The Board of Directors of the Keystone Power Corporation has declared quarterly dividend of one and three-quarters (1¾%) per cent, for the quarter ending March 31st, 1926, payable on the 7% Preferred Stock of the Company on April 1st, 1926 to stockholders of record at the close of business on March 20th, 1926.

C. F. KALP, Treasurer.

THE UNITED LIGHT AND POWER COMPANY

(Successor to United Light and Railway Company) Illinois Merchants Bank Bldg., Chicago, Ill.

The Board of Directors of The United Light and Power Company, on March 10, 1926, declared the following dividends on the stocks of the Company:

A quarterly dividend of $1.63 per share on Class "A" Preferred stock, payable April 1, 1926, to stockholders of record March 15, 1926.

A quarterly dividend of $1.00 per share on Class "B" Preferred stock, payable April 1, 1926, to stockholders of record on March 15, 1926.

A dividend of 60c per share, payable in cash on May 1, 1926, to all holders of the old Class "A" and Class "B" Common stock of record on April 15, 1926.

A dividend of 12c per share, payable in cash on May 1, 1926, to all holders of the new Class "A" and Class "B" Common stock of record on April 15, 1926.

A stock dividend of 1/40th of one share of the new Class "A" Common stock per share of new Class "A" and Class "B" Common Stock outstanding, payable on May 1, 1926, to stockholders of record on April 15, 1926. Holders of the old Class "A" and Class "B" Common stocks of record April 15, 1926, will be entitled to a stock dividend of 5/40ths of one share of the new Class "A" Common stock per share of old Class "A" and old Class "B" Common stock outstanding.

L. H. HEINKE, Treasurer.

Chicago, March 10, 1926.

CONTINENTAL BAKING CORPORATION

The Board of Directors has this day declared the following dividends:

$2.00 per share
on the outstanding
PREFERRED STOCK

$2.00 per share
on the outstanding
CLASS A COMMON STOCK

Both dividends are payable on April 1, 1926, to stockholders of record on March 15, 1926. The stock transfer books will not be closed.

Brayton Campbell
Treasurer

March 11, 1926

American Type Founders Company

Jersey City, N. J., March 10, 1926.

A quarterly dividend (No. 96) of one and three-quarters per cent on the Preferred Stock and a quarterly dividend (No. 113) of two per cent on the Common Stock have this day been declared, payable April 15, 1926, to stockholders of record at the close of business April 5, 1926. Checks mailed by The Bank of America, Transfer Agent, 44 Wall Street, New York City.

WALTER S. MARDER, Secretary.

MAGMA COPPER COMPANY

A dividend of seventy-five cents per share has been declared on the stock of this Company payable April 15th, 1926, to stockholders of record at the close of business on March 31st, 1926.

H. E. DODGE, Treasurer.

March 18, 1926.

IDEAS - SERVICE - COMMODITIES

THE OPPORTUNITY EXCHANGE
A Clearing House For Business Men

MEN - AGENTS - BUSINESS OPPORTUNITIES

Printing

LITHOGRAPHED LETTERHEADS

For $1.25 PER THOUSAND COMPLETE

IN 50M lots; 25m $1.50; 12,500 $1.75 on our white 20 lb. Paramount Bond. A Beautiful, Strong, Snappy Sheet. No smaller quantities.

ENVELOPES TO MATCH, $1.50 PER M
Booklet of Engravings on Request
GEORGE MORRISON CO.
429 East 53rd St., N. Y. City
TELEPHONES PLAza 1874-1875-1518
Established 1898 Incorporated 1905

Charters

DELAWARE incorporator; charters; fees small; forms. Chas. G. Guyer, 901 Orange St., Wilmington, Del.

Dividends

Public Service Corporation of New Jersey

Dividend No. 75 on Common Stock
Dividend No. 29 on 8% Cumulative Preferred Stock
Dividend No. 13 on 7% Cumulative Preferred Stock
Dividend No. 2 on 6% Cumulative Preferred Stock

The Board of Directors of Public Service Corporation of New Jersey has declared dividends at the rate of 8% per annum on the 8% Cumulative Preferred Stock, being $2.00 per share; at the rate of 7% per annum on the 7% Cumulative Preferred Stock, being $1.75 per share; at the rate of 6% per annum on the 6% Cumulative Preferred Stock, being $1.50 per share; and $1.25 per share on the non par value Common Stock for the quarter ending March 31, 1926. Dividends are payable March 31, 1926, to stockholders of record at the close of business March 5, 1926.

T. W. Van Middlesworth, Treasurer

Public Service Electric and Gas Company

Dividend No. 7 on 7% Cumulative Preferred Stock
Dividend No. 5 on 6% Cumulative Preferred Stock

The Board of Directors of Public Service Electric and Gas Company has declared the regular quarterly dividend on the 7% and 6% Preferred Stock of that Company. Dividends are payable March 31, 1926 to stockholders of record at the close of business March 5, 1926.

T. W. Van Middlesworth, Treasurer

THE UNITED GAS IMPROVEMENT CO.
N. W. Corner Broad and Arch Streets
Philadelphia, March 10, 1926.

The Directors have this day declared a quarterly dividend of two per cent. ($1.00 per share) on the Capital Stock of this Company, payable April 15, 1926, to stock holders of record at the close of business March 31, 1926.

Checks will be mailed.

J. W. MORRIS, Treas.

Business Opportunities

FOR SALE

Large coal property, carrying a number of low volatile seams, good thickness, located in the smoke-less coal fields of West Virginia. Best railroad transportation to tide water points and West. Exceptionally good project for investment or operating purposes. Engineering reports, maps, and particulars furnished upon request. Address Box 67, c/o The Magazine of Wall Street, 42 Broadway, N. Y. C.

Business, Home, Land and Industrial Opportunities. Henderson County is one of the best located counties in the state of Illinois. The Santa Fe, C. B. & Q. R. R., both double track, connect Chicago with the great West; also Illinois Power & Light line passes between these two systems. Our county is bounded on the west by the Mississippi River and is an ideal place for summer homes. The soil is adapted to growing any of Illinois products. For particulars address E. G. Lewis, President Henderson County Chamber of Commerce, Media, Ill.

Technically trained experienced prospector offers unusual oportunity to anyone wishing representative to stake claims, etc., in Red Lake Gold district, Canada. This area very promising. Big rush there this Spring. Trip financing reasonable. Now is the time to get in on ground floor. New York interview with Prosecutor. Box 68, care of The Magazine of Wall Street, 42 Broadway, N. Y. C.

DEAFNESS and head noises banished. Information free.
E. HENK, 1227 Walnut, 3, Milwaukee, Wisc.

Financial Notices

PACIFIC OIL COMPANY

165 Broadway
New York, N. Y., March 16, 1926.

To the Stockholders of the Pacific Oil Company:

It is planned to consummate the consolidation of this Company and the Standard Oil Company (a California corporation) by conveying on March 29, 1926, substantially all the properties of these two companies to a corporation known as the Standard Oil Company of California, recently organized under the laws of the State of Delaware. As the consideration for these conveyances, the Delaware corporation will issue its stock direct to the stockholders of the two grantor companies, share for share. The stockholders of this Company will thus receive 3,500,000 shares of the Delaware corporation's stock, and the stockholders of the Standard Oil Company (the California corporation), 9,516,434 shares.

On May 10, 1926, there will be sent by registered mail, in accordance with mailing instructions on file with this Company, to each of its stockholders of record at close of business March 29, 1926, one share of the stock of the Standard Oil Company of California (the Delaware corporation) for each share of this Company's stock then registered in the stockholder's name.

Stockholders desiring to change their mailing instructions should communicate, prior to April 30, 1926, with Mr. Hugh Neill, the Secretary and Treasurer of this Company, 165 Broadway, New York, N. Y.

After all liabilities are satisfied, this Company plans to distribute any remaining assets to its stockholders.

As soon as the corporate books are closed, stockholders will be advised what portion of the distributions made March 6, 1926, and to be made May 10, 1926, consists of surplus profits and what portion consists of capital assets. It is not yet practicable to give this information.

It is not necessary to surrender your certificates for stock of this Company either in connection with the distribution of Associated Oil Company stock and cash made March 6, 1926, or in connection with the distribution of Standard Oil Company of California stock, to be made May 10, 1926.

HENRY W. de FOREST,
Chairman of the Executive Committee.

Business Opportunities

Regulation Police Whistle 50c

HIGHEST quality LOUDEST sounding and most popular police whistle made; handsomely nickeled and polished; used and endorsed by all leading police departments. With it you can instantly attract every police officer within hearing distance. Valuable in summoning assistance in case of fire, accident, robbery, holdup, attack or other emergency. All persons who carry large sums of money should protect themselves with one.

Sent postpaid on receipt of 50 cents.
(Three for $1)

WILSON, SMITH & CO.,
643 Cotton Exchange Bldg.
Los Angeles, Calif.

NOTE: Agents and police departments may have these Regulation Police Whistles at 30 cents each, prepaid, in quantities of one dozen or more. Sent C. O. D., on request.

Meetings

SOUTHERN PACIFIC COMPANY

NOTICE OF MEETING.

165 Broadway, New York, N. Y., Jan. 2, 1926.

The Annual Meeting of the Stockholders of the Southern Pacific Company, will be held at the office of this Company in Anchorage, Jefferson County, Kentucky, on Wednesday, April 7, 1926, at 12 o'clock noon, standard time, for the following purposes, viz.:

1. To elect fifteen Directors.
2. To transact all such other business as may legally come before the meeting, including the approval and ratification of all action of the Board of Directors and of the Executive Committee since the last annual meeting of the Stockholders of this Company.

For the purposes of the meeting, the books for the transfer of stock will be closed at 3 o'clock P. M., Monday, March 22, 1926, and will be reopened at 10 o'clock A. M., Thursday, April 8, 1926.

By order of the Board of Directors.

HUGH NEILL, Secretary.

When it's evening—
and your little home resounds with the joys of hospitality—when it suddenly seems that no other happiness compares with receiving and welcoming friends
—have a Camel!

No other cigarette in the world is like Camels. Camels contain the choicest Turkish and domestic tobaccos. The Camel blend is the triumph of expert blenders. Even the Camel cigarette paper is the finest, made especially in France. Into this one brand of cigarettes go all of the experience, all of the skill of the largest tobacco organization in the world.

WHEN friends come in. And you are busy making them know their welcome. When friendship and hospitality are the brightest joys in all the world—*have a Camel!*

For no other good thing is so widely shared. Camels make every true friendship truer. There never was a cigarette made that put as much pleasure into smoking and giving smoking pleasure to others as Camels. Camels never tire the taste or leave a cigaretty after-taste. Millions of experienced smokers just wouldn't buy or offer to others any other cigarette but Camels.

So, this night when friends come in to share the warmth of your fire and your friendship—taste then the smoke that is friendly to millions. You may know you are smoking and serving the world's finest cigarette.

Have a Camel!

Our highest wish, if you do not yet know Camel quality, is that you try them. We invite you to compare Camels with any cigarette made at any price.

R. J. Reynolds Tobacco Co.

ng—
h the
lenly
ares
ends

if you
Camel
u try
ou to
with
de at